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10 Attorneys for Defendant,
LIBERTY MUTUAL FIRE INSURANCE
11 COMPANY

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

14 LARGO CONCRETE, INC., a
15 California Corporation; N.M.N.
16 CONSTRUCTION, INC., a California
Corporation.,

17 Plaintiffs,

18

19 LIBERTY MUTUAL FIRE
INSURANCE COMPANY, a
20 Massachusetts Corporation, and DOES
1 through 100, inclusive..

Defendants.

LIBERTY MUTUAL FIRE
INSURANCE COMPANY, a
Wisconsin Corporation,

Counterclaimant,

26
27 V.
N.M.N. CONSTRUCT
California Corporation

28 Counter-Defendant

Case No. C07-04651 CRB (ADR)

The Hon. Charles R. Brever

[Complaint Filed: September 10, 2007]

**DEFENDANT LIBERTY MUTUAL
FIRE INSURANCE COMPANY'S
COUNTERCLAIM AGAINST
N.M.N. CONSTRUCTION, INC.
FOR BREACH OF CONTRACT**

1 Defendant and Counterclaimant Liberty Mutual Fire Insurance
2 Company ("Liberty Mutual") hereby counterclaims against Plaintiff and Counter-
3 defendant N.M.N. Construction, Inc. ("N.M.N"), and alleges as follows:
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5 **JURISDICTION AND VENUE**

6 1. This Court has jurisdiction over based upon complete diversity
7 of citizenship under 28 U.S.C. § 1332. The amount in controversy, exclusive of
8 interest and costs, exceeds \$75,000.

9 2. Venue is proper in this district pursuant to 28 U.S.C. § 1391(a)
10 because substantially all of the events or omissions giving rise to the claims asserted
11 in this Counterclaim occurred in this judicial district.
12

13 **PARTIES**

14 3. Counterclaimant Liberty Mutual was originally incorporated in
15 Massachusetts on October 31, 1908. In December 2005, Liberty Mutual transferred
16 its domicile from Massachusetts to Wisconsin. At all relevant times, Liberty Mutual
17 has maintained its principal place of business in Boston, Massachusetts. Liberty
18 Mutual is licensed to transact the business of insurance in all fifty states and the
19 District of Columbia, and conducts operations throughout the United States. Liberty
20 Mutual is engaged in the business of providing insurance to its customers, and is
21 duly authorized to transact the business of insurance in the State of California.

22 4. Liberty Mutual is informed and believes, and on that basis
23 alleges, N.M.N. is a California corporation that maintains its principal place of
24 business in Santa Clara County, California.
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FIRST CLAIM FOR RELIEF
(Breach of Contract)

3 5. Liberty Mutual provided N.M.N. with workers' compensation
4 insurance coverage for the period October 1, 2003 to October 1, 2004 under policy
5 no. WC2-161-036631-183. A true and correct copy of policy no. WC2-161-
6 036631-183, including state-mandated notices and endorsements, is attached hereto
7 as Exhibit "A" (the "Policy").

8 6. Under the Large Risk Alternative Rating Option Plan
9 ("Retrospective Rating Endorsement") attached to the Policy, Liberty Mutual and
10 N.M.N. agreed that the premiums due under the Policy would be determined
11 following the expiration of the Policy period based on a retrospective premium
12 formula outlined in paragraph IV of the endorsement.

13 7. Pursuant to paragraph VI of the Retrospective Rating
14 Endorsement, Liberty Mutual and N.M.N. agreed that Liberty Mutual would
15 calculate the retrospective premium 18 months (or as otherwise mutually agreed to)
16 after the rating plan period ended.

17 8. Pursuant to paragraph VII of the Retrospective Rating
18 Endorsement, N.M.N. agreed to pay all premiums due under the agreement.

19 9. In accordance with the terms of the Policy and the Retrospective
20 Rating Endorsement, on or about May 10, 2006, Liberty Mutual calculated and
21 billed to N.M.N. the first retrospective premium adjustment and assessments
22 totaling \$462,701, with payment due by May 30, 2006.

23 10. N.M.N. did not make timely or a full payment to Liberty Mutual
24 in accordance with the May 10, 2006 billing. Instead, on or about June 29, 2006,
25 N.M.N. paid only \$100,000 to Liberty Mutual. N.M.N. failed and refused, and
26 continues to refuse, to pay the balance of \$362,701 due and owing to Liberty
27 Mutual.

1 11. On or about May 18, 2007, Liberty Mutual calculated and billed
2 to N.M.N. the second retrospective premium adjustment and assessments under the
3 Policy totaling \$131,224, with payment due by June 7, 2007. N.M.N. failed and
4 refused, and continues to refuse, to pay the second retrospective premium
5 adjustment and assessments in its entirety. Combined with the amount due from the
6 May 10, 2006 billing, N.M.M currently owes Liberty Mutual a total of \$493,925
7 under the Policy.

8 12. Pursuant to the terms of the Policy and the Retrospective Rating
9 Endorsement, additional retrospective premium adjustments and other amounts will
10 continue to be calculated and billed by Liberty Mutual to N.M.N on an annual basis.
11 Liberty Mutual will seek to collect all such future amounts due under the Policy
12 from N.M.N. in this action as and when they come due, according to proof at trial.

13 13. Liberty Mutual has performed all of its material obligations
14 under the Policy, except for those which have been excused, prevented or
15 extinguished by N.M.N.

16 14. N.M.N. breached the Policy by, among other things, failing and
17 refusing to pay Liberty Mutual \$493, 925.

18 15. As a proximate result of N.M.N.'s breaches of the Policy, Liberty
19 Mutual has suffered monetary damages in the amount of at least \$493,925, plus all
20 future amounts that will become due and owing by N.M.N under the Policy.

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1 WHEREFORE, Liberty Mutual prays for relief as follows:
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1. For a money judgment in an amount to be proven at trial,
2. together with prejudgment interest according to proof;
2. For reasonable costs incurred herein; and
3. For such other and further relief as the court deems just and proper.

Dated: October 3, 2007

SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

By _____



FRANK FALZETTA

Attorneys for Defendant and Counterclaimant
LIBERTY MUTUAL FIRE
INSURANCE COMPANY

LIBERTY MUTUAL FIRE INSURANCE COMPANY

**NOTICE OF MEMBERSHIP IN LIBERTY MUTUAL HOLDING COMPANY INC. AND
NOTICE OF ANNUAL MEETING**

Your policy includes a statement regarding membership rights in Liberty Mutual Holding Company Inc. Liberty Mutual Fire Insurance Company is a Massachusetts stock insurance company subsidiary of Liberty Mutual Holding Company Inc., a Massachusetts mutual holding company. Insurance is provided by Liberty Mutual Fire Insurance Company. The named insured first named in the declarations is a member of Liberty Mutual Holding Company Inc.

As a member of Liberty Mutual Holding Company Inc., the named insured first named is entitled, among other things, to vote either in person or by proxy at the annual meeting or special meetings of said company. The Annual Meeting of Liberty Mutual Holding Company Inc. is at its offices located at 175 Berkeley Street, Boston, Massachusetts, on the second Wednesday in April each year at ten o'clock in the morning.

Members of Liberty Mutual Holding Company Inc. may request a copy of the company's annual financial statements, which are posted on Liberty Mutual's website at www.libertymutual.com, by writing to Liberty Mutual Holding Company Inc., 175 Berkeley Street, Boston, Massachusetts, 02117, Attention: Corporate Secretary.

**WORKERS COMPENSATION AND
EMPLOYERS LIABILITY POLICY****THIS POLICY IS NONASSESSABLE**

Liberty Mutual Insurance Group/Boston

FOR PROMPT INSURANCE SERVICE -
CALL YOUR SERVICE OFFICE**THIS POLICY IS CLASSIFIED IN DIVIDEND
CLASS XIII WORKERS COMPENSATION
AND EMPLOYERS LIABILITY**

While this policy is in effect, the named insured first named in the Information Page is a member of Liberty Mutual Holding Company Inc. and is entitled to vote either in person or by proxy at any and all meetings of the members of said company.

The Annual Meeting of Liberty Mutual Holding Company Inc. is in Boston, Massachusetts, on the second Wednesday in April each year at ten o'clock in the morning.

Liberty Mutual Fire Insurance Company (A stock insurance company, herein called the company)

In return for the payment of the premium and subject to all terms of this policy, we agree with you as follows.

GENERAL SECTION**A. The Policy**

This policy includes at its effective date the Information Page and all endorsements and schedules listed there. It is a contract of insurance between you (the employer named in item 1 of the Information Page) and us (the insurer named on the Information Page). The only agreements relating to this insurance are stated in this policy. The terms of this policy may not be changed or waived except by endorsement issued by us to be part of this policy.

B. Who is Insured

You are insured if you are an employer named in item 1 of the Information Page. If that employer is a partnership, and if you are one of its partners, you are insured, but only in your capacity as an employer of the partnership's employees.

C. Workers Compensation Law

Workers Compensation Law means the workers or workmen compensation law and occupational disease law of each state or territory named in Item 3.A. of the Information Page. It includes any amendments to that law which are in effect during the policy period. It does not include any federal workers or workmen's compensation law, any federal occupational disease law or the provisions of any law that provide nonoccupational disability benefits.

D. State

State means any state of the United States of America, and the District of Columbia.

E. Locations

This policy covers all of your workplaces listed in items 1 or 4 of the Information Page; and it covers all other workplaces in item 3.A. states unless you have other insurance or are self-insured for such workplaces.

PART ONE - WORKERS COMPENSATION INSURANCE

A. How This Insurance Applies

This workers compensation insurance applies to bodily injury by accident or bodily injury by disease. Bodily injury includes resulting death.

1. Bodily injury by accident must occur during the policy period.
2. Bodily injury by disease must be caused or aggravated by the conditions of your employment.
The employee's last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the policy period.

B. We Will Pay

We will pay promptly when due the benefits required of you by the workers compensation law.

C. We Will Defend

We have the right and duty to defend at our expense any claim, proceeding or suit against you for benefits payable by this insurance. We have the right to investigate and settle these claims, proceeding or suits.

We have no duty to defend a claim, proceeding or suit that is not covered by this insurance.

D. We Will Also Pay

We will also pay these costs, in addition to other amounts payable under this insurance, as part of any claim, proceeding or suit we defend:

1. reasonable expenses incurred at our request, but not loss of earnings;
2. premiums for bonds to release attachments and for appeal bonds in bond amounts up to the amount payable under this insurance;
3. litigation costs taxed against you;
4. interest on a judgement as required by law until we offer the amount due under this insurance; and
5. expenses we incur.

E. Other Insurance

We will not pay more than our share of benefits and costs covered by this insurance and other insurance or self-insurance. Subject to any limits of liability that may apply, all shares will be equal until the loss is paid. If any insurance or self-insurance is exhausted, the shares of all remaining insurance will be equal until the loss is paid.

F. Payments You Must Make

You are responsible for any payments in excess of the benefits regularly provided by the workers compensation law including those required because:

1. of your serious and willful misconduct;
2. you knowingly employ an employee in violation of law;
3. you fail to comply with a health or safety law or regulation; or
4. you discharge, coerce or otherwise discriminate against any employee in violation of the workers compensation law.

If we make any payments in excess of the benefits regularly provided by the workers compensation law on your behalf, you will reimburse us promptly.

G. Recovery From Others

We have your rights, and the rights of persons entitled to the benefits of this insurance, to recover our payments from anyone liable for the injury. You will do everything necessary to protect those rights for us and to help us enforce them.

H. Statutory Provisions

These statements apply where they are required by law.

1. As between an injured worker and us, we have notice of the injury when you have notice.
2. Your default or the bankruptcy or insolvency of you or your estate will not relieve us of our duties under this insurance after an injury occurs.
3. We are directly and primarily liable to any person entitled to the benefits payable by this insurance. Those persons may enforce our duties; so may an agency authorized by law. Enforcement may be against us or against you and us.
4. Jurisdiction over you is jurisdiction over us for purposes of the workers compensation law. We are bound by decisions against you under that law, subject to the provisions of this policy that are not in conflict with that law.

5. This insurance conforms to the parts of the workers compensation law that apply to:
 - a. benefits payable by this insurance;
 - b. special taxes, payments into security or other special funds, and assessments payable by us under that law.
6. Terms of this insurance that conflict with the workers compensation law are changed by this statement to conform to that law.

Nothing in these paragraphs relieves you of your duties under this policy.

PART TWO - EMPLOYERS LIABILITY INSURANCE

A. How This Insurance Applies

This employers liability insurance applies to bodily injury by accident or bodily injury by disease. Bodily injury includes resulting death.

1. The bodily injury must arise out of and in the course of the injured employee's employment by you.
2. The employment must be necessary or incidental to your work in a state or territory listed in item 3.A. of the Information Page.
3. Bodily injury by accident must occur during the policy period.
4. Bodily injury by disease must be caused or aggravated by the conditions of your employment. The employee's last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the policy period.
5. If you are sued, the original suit and any related legal actions for damages for bodily injury by accident or by disease must be brought in the United States of America, its territories or possessions, or Canada.

B. We Will Pay

We will pay all sums you legally must pay as damages because of bodily injury to your employees, provided the bodily injury is covered by this Employers Liability Insurance.

The damages we will pay, where recovery is permitted by law, include damages:

1. for which you are liable to a third party by reason of a claim or suit against you by that third party to recover the damages claimed against such third party as a result of injury to your employee;
2. for care and loss of services; and
3. for consequential bodily injury to a spouse, child, parent, brother or sister of the injured employee;

provided that these damages are the direct consequence of bodily injury that arises out of and in the course of the injured employee's employment by you; and

4. because of bodily injury to your employee that arises out of and in the course of employment, claimed against you in a capacity other than as employer.

C. Exclusions

This insurance does not cover:

1. liability assumed under a contract. This exclusion does not apply to a warranty that your work will be done in a workmanlike manner;
2. punitive or exemplary damages because of bodily injury to an employee employed in violation of law;
3. bodily injury to an employee while employed in violation of law with your actual knowledge or the actual knowledge of any of your executive officers;
4. any obligation imposed by workers compensation, occupational disease, unemployment compensation, or disability benefits law, or any similar law;
5. bodily injury intentionally caused or aggravated by you;
6. bodily injury occurring outside the United States of America, its territories or possessions, and Canada. This exclusion does not apply to bodily injury to a citizen or resident of the United States of America or Canada who is temporarily outside these countries;
7. damages arising out of coercion, criticism, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination against or termination of any employee, or any personnel practices, acts or omissions.
8. bodily injury to any person in work subject to the Longshore and Harbor Workers' Compensation Act (33 USC Sections 901-950), the Nonappropriated Fund Instrumentalities Act (5 USC Sections 8171-8173), the Outer Continental Shelf Lands Act (43 USC Sections 1331-1356), the Defense Base Act (42 USC Sections 1651-1654), the Federal Coal Mine Health and Safety Act of 1969 (30 USC Sections 901-942), any other federal workers or workmen's compensation law or other federal occupational disease law, or any amendments to these laws.
9. bodily injury to any person in work subject to the Federal Employers' Liability Act (45 USC Sections 51-60), any other federal laws obligating an employer to pay damages to an employee due to bodily injury arising out of or in the course of employment, or any amendments to those laws.
10. bodily injury to a master or member of the crew of any vessel.

11. fines or penalties imposed for violation of federal or state law.
12. damages payable under the Migrant and Seasonal Agricultural Workers Protection Act (29 USC Sections 1801-1872) and under any other federal law awarding damages for violation of those laws or regulations issued thereunder, and any amendments to those laws.

D. We Will Defend

We have the right and duty to defend, at our expense, any claim, proceeding or suit against you for damages payable by this insurance. We have the right to investigate and settle these claims, proceedings and suits.

We have no duty to defend a claim, proceeding or suit that is not covered by this insurance. We have no duty to defend or continue defending after we have paid our applicable limit of liability under this insurance.

E. We Will Also Pay

We will also pay these costs, in addition to other amounts payable under this insurance, as part of any claim, proceeding, or suit we defend:

1. reasonable expenses incurred at our request, but not loss of earnings;
2. premiums for bonds to release attachments and for appeal bonds in bond amounts up to the limit of our liability under this insurance;
3. litigation costs taxed against you;
4. interest on a judgment as required by law until we offer the amount due under this insurance; and
5. expenses we incur.

F. Other Insurance

We will not pay more than our share of damages and costs covered by this insurance and other insurance or self-insurance. Subject to any limits of liability that apply, all shares will be equal until the loss is paid. If any insurance or self-insurance is exhausted, the shares of all remaining insurance and self-insurance will be equal until the loss is paid.

G. Limits of Liability

Our liability to pay for damages is limited. Our limits of liability are shown in item 3.B. of the Information Page. They apply as explained below.

1. Bodily Injury by Accident. The limit shown for bodily injury by accident-each accident is the most we will pay for all damages covered by this insurance because of bodily injury to one or more employees in any one accident. A disease is not bodily injury by accident unless it results directly from bodily injury by accident.

2. Bodily Injury by Disease. The limit shown for bodily injury by disease-policy limit is the most we will pay for all damages covered by this insurance and arising out of bodily injury by disease, regardless of the number of employees who sustain bodily injury by disease. The limit shown for bodily injury by disease-each employee is the most we will pay for all damages because of bodily injury by disease to any one employee.

Bodily injury by disease does not include disease that results directly from a bodily injury by accident.

3. We will not pay any claims for damages after we have paid the applicable limit of our liability under this insurance.

H. Recovery From Others

We have your rights to recover our payment from anyone liable for an injury covered by this insurance. You will do everything necessary to protect those rights for us and to help us enforce them.

I. Actions Against Us

There will be no right of action against us under this insurance unless:

1. You have complied with all the terms of this policy; and
2. The amount you owe has been determined with our consent or by actual trial and final judgement.

This insurance does not give anyone the right to add us as a defendant in an action against you to determine your liability. The bankruptcy or insolvency of you or your estate will not relieve us of our obligations under this Part.

PART THREE - OTHER STATES INSURANCE

A. How This Insurance Applies

1. This other states insurance applies only if one or more states are shown in item 3.C. of the Information Page.
2. If you begin work in one of those states after the effective date of this policy and are not insured or are not self-insured for such work, all provisions of the policy will apply as though that state were listed in Item 3.A. of the Information Page.
3. We will reimburse you for the benefits required by the workers compensation law of that state if we are not permitted to pay the benefits directly to persons entitled to them.
4. If you have work on the effective date of this policy in any state not listed in Item 3.A. of the Information Page, coverage will not be afforded for that state unless we are notified within thirty days.

B. Notice

Tell us at once if you begin work in any state listed in item 3.C. of the Information Page.

PART FOUR - YOUR DUTIES IF INJURY OCCURS

Tell us at once if injury occurs that may be covered by this policy. Your other duties are listed here.

1. Provide for immediate medical and other services required by the workers compensation law.
2. Give us or our agent the names and addresses of the injured persons and of witnesses, and other information we may need.
3. Promptly give us all notices, demands and legal papers related to the injury, claim, proceeding or suit.
4. Cooperate with us and assist us, as we may request, in the investigation, settlement or defense of any claim, proceeding or suit.
5. Do nothing after an injury occurs that would interfere with our right to recover from others.
6. Do not voluntarily make payments, assume obligations or incur expenses, except at your own cost.

PART FIVE - PREMIUM

A. Our Manuals

All premium for this policy will be determined by our manuals of rules, rates, rating plans and classifications. We may change our manuals and apply the changes to this policy if authorized by law or a governmental agency regulating this insurance.

B. Classifications

Item 4 of the Information Page shows the rate and premium basis for certain business or work classifications. These classifications were assigned based on an estimate of the exposures you would have during the policy period. If your actual exposures are not properly described by those classifications, we will assign proper classifications, rates and premium basis by endorsement to this policy.

C. Remuneration

Premium for each work classification is determined by multiplying a rate times a premium basis. Remuneration is the most common premium basis. This premium basis includes payroll and all other remuneration paid or payable during the policy period for the services of:

1. all your officers and employees engaged in work covered by this policy; and
2. all other persons engaged in work that could make us liable under Part One (Workers Compensation Insurance) of this policy. If you do not have payroll records for these persons, the contract price for their services and materials may be used as the premium basis. This paragraph 2 will not apply if you give us proof that the employers of these persons lawfully secured their workers compensation obligations.

D. Premium Payments

You will pay all premium when due. You will pay the premium even if part or all of a workers compensation law is not valid.

E. Final Premium

The premium shown on the Information Page, schedules, and endorsements is an estimate. The final premium will be determined after this policy ends by using the actual, not the estimated, premium basis and the proper classifications and rates that lawfully apply to the business and work covered by this policy. If the final premium is more than the premium you paid to us, you must pay us the balance. If it is less, we will refund the balance to you. The final premium will not be less than the highest minimum premium for the classifications covered by this policy.

If this policy is cancelled, final premium will be determined in the following way unless our manuals provide otherwise:

1. If we cancel, final premium will be calculated pro-rata based on the time this policy was in force. Final premium will not be less than the pro-rata share of the minimum premium.
2. If you cancel, final premium will be more than pro-rata; it will be based on the time this policy was in force, and increased by our short rate cancellation table and procedure. Final premium will not be less than the minimum premium.

F. Records

You will keep records of information needed to compute premium. You will provide us with copies of those records when we ask for them.

G. Audit

You will let us examine and audit all your records that relate to this policy. These records include ledgers, journals, registers, vouchers, contracts, tax reports, payroll and disbursement records, and programs for storing and retrieving data. We may conduct the audit during regular business hours during the policy period and within three years after the policy period ends. Information developed by audit will be used to determine final premium. Insurance rate service organizations have the same rights we have under this provision.

PART SIX - CONDITIONS

A. Inspection

We have the right, but are not obliged to inspect your workplaces at any time. Our inspections are not safety inspections. They relate only to the insurability of the workplaces and the premiums to be charged. We may give you reports on the conditions we find. We may also recommend changes. While they may help reduce losses, we do not undertake to perform the duty of any person to provide for the health or safety of your employees or the public. We do not warrant that your workplaces are safe or healthful or that they comply with laws, regulations, codes or standards. Insurance rate service organizations have the same rights we have under this provision.

B. Long Term Policy

If the policy is longer than one year and sixteen days, all provisions of this policy will apply as though a new policy were issued on each annual anniversary that this policy is in force.

C. Transfer of Your Rights and Duties

Your rights or duties under this policy may not be transferred without our written consent.

If you die and we receive notice within thirty days after your death, we will cover your legal representative as insured.

D. Cancellation

1. You may cancel this policy. You must mail or deliver advance written notice to us stating when the cancellation is to take effect.
2. We may cancel this policy. We must mail or deliver to you not less than ten days advance written notice stating when the cancellation is to take effect. Mailing that notice to you at your mailing address shown in item 1 of the Information Page will be sufficient to prove notice.
3. The policy period will end on the day and hour stated in the cancellation notice.
4. Any of these provisions that conflicts with a law that controls the cancellation of the insurance in this policy is changed by this statement to comply with that law.

E. Sole Representative

The insured first named in Item 1 of the Information Page will act on behalf of all insureds to change this policy, receive return premium, and give or receive notice of cancellation.

In witness whereof, the company has caused this policy to be signed by its President and its Secretary at Boston, Massachusetts, and countersigned on the Information Page by a duly authorized representative of the company.

CA WORKERS COMPENSATION ADMINISTRATIVE/USER FUNDING SURCHARGE

The Director of the Department of Industrial Relations adopted regulations to implement the Workers' Compensation employer assessment provisions set forth in the Labor Code Section 62.5, which was added into law as part of the Margolin-Bill Green Workers' Compensation Improvement Act of 1989. The regulations call for the assessment of .000971 of California policy premium for policies effective on or after 1/1/2003. This assessment is to provide for the administrative expenses that result from the Margolin-Bill Green Workers' Compensation Improvement Act of 1989. The assessment for your policy is shown on the information page as the CA WC Administrative/User Funding Surcharge.

If you have any questions, please contact your Liberty Mutual Sales Representative.

**CALIFORNIA
NOTICE TO POLICYHOLDERS**

Dear Policyholder:

Please note that in addition to the premium due amount, the total amount payable to Liberty Mutual includes an amount referred to as a "CA Fraud Investigation and Prosecution Surcharge". Pursuant to California Senate Bill 1218 the Fraud Assessment is to be collected and used to fund the increased investigation and prosecution of Workers' Compensation fraud in California. The regulation calls for the assessment of .001180 of California policy premium for policies effective on or after 1/1/2003.

If you have any questions, please contact your Liberty Mutual Sales Representative.

**California AB 110 - Section 11721 (b)
Notice of Availability of Occupational Safety and Health Loss Control
Consultation Services**

Liberty Mutual Insurance Company maintains and provides certain occupational safety and health loss control consultation services for its workers' compensation policyholders as required by Section 11721 (a-e) of the California W.C. Insurance Code. Services provided under the Code include the conduct of workplace surveys to identify health and safety problems, review of employer injury records, and the development of plans to help improve employer health and safety loss records, including injury prevention programs pursuant to Section 6401.7 of the Labor Code.

Workers' compensation insurance policyholders may register comments about the insurer's loss control consultation services by writing to: State of California, Department of Industrial Relations, Division of Occupational Safety and Health, P.O. Box 420603, San Francisco, CA. 94142.

Services required under this Code are available at no additional charge in addition to the insurance premium. To request these services you should contact:

Regional Operations Manager
Loss Prevention Department
Liberty Mutual Insurance Co.
6130 Stoneridge Mall Road, Suite 400
P.O. Box 9117
Pleasanton, CA 94566-9117

CALIFORNIA WORKERS' COMPENSATION

NOTICE TO POLICYHOLDERS

INSURANCE RATING LAWS

Pursuant to Section 11752.8 of the California Insurance Code, we are providing you with an explanation of the California workers' compensation rating laws.

1. We establish our own rates for workers' compensation. Our rates, rating plans, and related information are filed with the Insurance Commissioner and are open for public inspection.
2. The Insurance Commissioner can disapprove our rates, rating plans, or classifications only if he or she has determined after public hearing that our rates might jeopardize our ability to pay claims or might create a monopoly in the market. A monopoly is defined by law as a market where one insurer writes 20% or more of that part of the California worker's compensation insurance that is not written by the State Compensation Insurance Fund. If the Insurance Commissioner disapproves our rates, rating plans, or classifications, he or she may order an increase in the rates applicable to outstanding policies.
3. Rating organizations may develop pure premium rates that are subject to the Insurance Commissioner's approval. A pure premium rate reflects the anticipated cost and expenses of claims per \$100 of payroll for a given classification. Pure premium rates are advisory only, as we are not required to use the pure premium rates developed by any rating organization in establishing our own rates.
4. We must adhere to a single, uniform experience rating plan. If you are eligible for experience rating under the plan, we will be required to adjust your premium to reflect your claim history. A better claim history generally results in a lower experience rating modification; more claims, or more expensive claims, generally result in a higher experience rating modification. The uniform experience rating plan, which is developed by the insurance rating organization designated by the Insurance Commissioner, is subject to the approval of the Insurance Commissioner.
5. A standard classification system, developed by the insurance rating organization designated by the Insurance Commissioner, is subject to approval by the Insurance Commissioner. The standard classification system is a method of recognizing and separating policyholders into industry or occupational groups according to their similarities and/or differences. We can adopt and apply the standard classification system or develop and apply our own classification system, provided we can report the payroll, expenses, and other costs of claims in a way that is consistent with the uniform statistical plan or the standard classification system.
6. Our rates and classifications may not violate the Unruh Civil Rights Act or be unfairly discriminatory.
7. We will provide an appeal process for you to appeal the way we rate your insurance policy. The process requires us to respond to your written appeal within 30 days. If you are not satisfied with the result of your appeal, you may appeal our decision to the Insurance Commissioner.

CALIFORNIA WORKERS' COMPENSATION
NOTICE TO POLICYHOLDERS

NOTICE OF NONRENEWAL

Section 11664 of the California Insurance Code requires us, in most instances, to provide you with a notice of nonrenewal. Except as specified in paragraphs 1 through 6 below, if we elect to nonrenew your policy, we are required to deliver or mail to you a written notice stating the reason or reasons for the nonrenewal of the policy. The notice is required to be sent to you no earlier than 120 days before the end of the policy period and no later than 30 days before the end of the policy period. If we fail to provide you the required notice, we are required to continue the coverage under the policy with no change in the premium rate until 60 days after we provide you with the required notice.

We are not required to provide you with a notice of nonrenewal in any of the following situations:

1. Your policy was transferred or renewed without a change in its terms or conditions or the rate on which the premium is based to another insurer or other insurers who are members of the same insurance group as us.
2. The policy was extended for 90 days or less and the required notice was given prior to the extension.
3. You obtained replacement coverage or agreed, in writing, within 60 days of the termination of the policy, to obtain that coverage.
4. The policy is for a period of no more than 60 days and you were notified at the time of issuance that it may not be renewed.
5. You requested a change in the terms or conditions or risks covered by the policy within 60 days prior to the end of the policy period.
6. We made a written offer to you to renew the policy at a premium rate increase of less than 25 percent.
 - A. If the premium rate in your governing classification is to be increased 25 percent or greater and we intend to renew the policy, we shall provide a written notice of a renewal offer not less than 30 days prior to the policy renewal date. The governing classification shall be determined by the rules and regulations established in accordance with California Insurance Code Section 11750.3(c).
 - B. For purposes of this notice, "premium rate" means the cost of insurance per unit of exposure prior to the application of individual risk variations based on loss or expense considerations such as scheduled rating and experience rating.

This notice does not change the policy to which it is attached.

CALIFORNIA WORKERS' COMPENSATION

NOTICE TO POLICYHOLDERS

YOUR RIGHT TO RATING AND DIVIDEND INFORMATION

1. **RATING AND CLAIMS INFORMATION.** Pursuant to Section 11752.6 of the California Insurance Code, upon written request, you are entitled to information relating to loss experience, claims, classification assignments, and policy contracts, as well as rating plans, rating systems, manual rules, or other information impacting your premium that is maintained in the records of the Workers' Compensation Insurance Rating Bureau of California ("WCIRB"), a rating organization licensed by the California Insurance Commissioner. Requests for policyholder information should be forwarded to: WCIRB, 525 Market Street, Suite 800, San Francisco, California 94105-2716, Attention: Custodian of Records. The Custodian of Records can be reached by telephone at 1-888-229-2472, and the fax number is 415-778-7272.

Pursuant to Sections 3761 and 3762 of the California Labor Code, you are also entitled to receive information in our claim files that affects your premium.

2. **POLICYHOLDER OMBUDSMAN.** Pursuant to California Insurance Code Sections 11752.6(g) and (h)(1), a policyholder ombudsman is available at the WCIRB to assist you in obtaining and evaluating the information referenced above. The ombudsman may advise you on any dispute with us, the WCIRB, or on an appeal to the Insurance Commissioner pursuant to Section 11737 of the Insurance Code. The address of the policyholder ombudsman is WCIRB, 525 Market Street, Suite 800, San Francisco, California 94105-2716, Attention: Policyholder Ombudsman. The policyholder ombudsman can be reached by telephone at 415-777-0777 and by fax at 415-778-7007.
3. **CALIFORNIA DEPARTMENT OF INSURANCE.** Information and assistance on policy questions can be obtained from the Department of Insurance Consumer HOTLINE, 1-800-927-HELP (4357).
4. **STATISTICAL REPORTING.** For claims covered under this policy, we will estimate the ultimate cost of unsettled claims for statistical purposes eighteen months after the policy becomes effective and will report those estimates to the WCIRB no later than twenty months after the effective date of the policy. The cost of any settled claims will also be reported at that time. At twelve-month intervals thereafter, we will update and report to the WCIRB the estimated cost of any unsettled claims and the actual final cost of any claims settled in the interim. The amounts we report will be used by the WCIRB to compute your experience modification if you are eligible for experience rating.
5. **DIVIDEND CALCULATION.** If this is a participating policy (a policy on which a dividend may be paid), upon payment or non-payment of a dividend, we shall provide a written explanation to you that sets forth the basis of the dividend calculation. The explanation will be in clear, understandable language and will express the dividend as a dollar amount and as a percentage of the earned premium for the policy year on which the dividend is calculated.
6. **DISPUTING OUR ACTIONS.** Pursuant to Insurance Code Section 11753.1(b), you may request, in writing, that we reconsider a change in a classification assignment that results in an increased premium. You may also request, in writing, that we review the manner in which our rating system has been applied in connection with the insurance afforded or offered you pursuant to Insurance Code Section 11737(c). Written requests that we reconsider or review our actions should be forwarded to : Ms. Betsy Dugdale, Division Underwriting Manager, P.O. Box 9117, 6130 Stoneridge Mall Road, Pleasanton, CA 94566-9117, (phone) 925-734-9200 extension 4002, (fax) 925-734-0913.

CALIFORNIA WORKERS' COMPENSATION

NOTICE TO POLICYHOLDERS

7. **DISPUTING THE ACTIONS OF THE WCIRB.** If you have been aggrieved by any decision, action, or omission to act of the WCIRB, you may request, in writing, that the WCIRB reconsider its decision, action, or omission to act pursuant to Insurance Code Section 11753.1(a). You may also request, in writing, that the WCIRB review the manner in which its rating system has been applied in connection with the insurance afforded or offered you pursuant to Insurance Code Section 11737(c). Written requests for reconsideration or requests for review regarding the actions of the WCIRB should be forwarded to: WCIRB, 525 Market Street, Suite 800, San Francisco, California 94105-2716, Attention: Complaints and Reconsiderations. The WCIRB's telephone number is 1-888-229-2472, and the fax number is 415-371-5204.
8. **APPEAL TO THE INSURANCE COMMISSIONER.** After you send your written request for policyholder information, reconsideration, or review of the manner in which the rating system has been applied in connection with the insurance afforded or offered you, we, or the WCIRB, have 30 days to provide you written notice indicating whether or not your written request will be reviewed. If we, or the WCIRB, agree to review your request, we, or the WCIRB, must conduct the review and issue a decision granting or rejecting your request within 60 days after sending you the written notice granting review. If we, or the WCIRB, decline to review your request, or if you are dissatisfied with the decision upon review, or if your request is rejected or not acted upon, you may appeal to the Insurance Commissioner pursuant to the provisions of Insurance Code Sections 11752.6(c), 11753.1(a) and (b), or 11737(c) and Title 10, California Code of Regulations, Sections 2509.40 et seq. You must make your appeal within 30 days after we, or the WCIRB, send you the notice denying review of your request or the decision upon review. If no written decision regarding your request for policyholder information, reconsideration, or review is sent, your appeal must be filed within 120 days after you sent your request to us, or the WCIRB. The filing address for all appeals to the Commissioner is:

Administrative Hearing Bureau
California Department of Insurance
45 Fremont Street, 22nd Floor
San Francisco, California 94105

The Insurance Commissioner will hold a hearing upon your appeal and may either affirm, modify, or reverse our action or that of the WCIRB.

This notice does not change the policy to which it is attached.



Dear Policyholder,

The California portion of this policy is issued on a non-participating basis as described by the policy endorsement which wording is shown below. The California portion of this policy is therefore not eligible for dividends.

With respect to the insurance of risks and operations in California covered by this policy, the following language is deleted from the policy: This policy is classified in Dividend Class XIII in Company 2 Workers' Compensation and Employers' Liability, and replaced by the following: THIS POLICY IS ISSUED ON A NON-PARTICIPATING BASIS .

Liberty Mutual Insurance Group/Boston
Equal Opportunity Employer

GPO 4614 R2
Page 1 of 1
Ed. 1/1995



LOSS PREVENTION SERVICES

Workers' Compensation

Through our Loss Prevention Department, Liberty Mutual provides its workers' compensation customers with loss prevention advisory service consistent with their workplace hazards and safety needs.

Our Loss Prevention representatives are trained to help you identify and appraise loss-producing problems in your business by:

- Completing hazard analysis of existing and planned facilities,
- Compiling, analyzing, and evaluating accident and loss statistics,
- Analyzing injury and occupational disease data,
- Evaluating the customer's loss prevention program, and
- Evaluating total loss potential.

Tailoring our services to your business needs, we can help you develop and maintain a loss prevention program by:

- Recommending the elements of an effective loss control program,
- Submitting specific recommendations to help reduce the frequency and severity of accidents,
- Consulting one of our specialists to assist, when necessary, and
- Assisting in the development and conduct of specialized training programs, when appropriate.

Our field force is backed up by specialists trained in the following fields:

CHEMICAL SAFETY
CONTRACTING
DRIVER TRAINING
ERGONOMICS
HIGHWAY SAFETY
INDUSTRIAL HYGIENE
MACHINE GUARDING
MATERIAL HANDLING
NOISE CONTROL
OCCUPATIONAL HEALTH
PRESSURE VESSELS
SAFETY TRAINING
STEVEDORING

TO OBTAIN FURTHER INFORMATION ABOUT LIBERTY MUTUAL'S LOSS PREVENTION SERVICES, CONTACT THE LOSS PREVENTION MANAGER AT ANY OF THE OFFICES LISTED ON THE FOLLOWING PAGE.

LIBERTY MUTUAL GROUP OFFICE LOCATIONS

NORTHEAST REGION

Westwood Executive Center
200 Lowder Brook Drive, Suite 2100
Westwood, MA 02090
(781) 326-7100

20 Western Boulevard
P.O. Box 7500
Glastonbury, CT 06033-1256,
(203) 659-4111

10 Corporate Drive, Suite 100
Bedford, NH 03110-5954
(603) 472-7100

NEW YORK REGION

1133 Avenue of the Americas
New York, NY 10036
(212) 391-7500

444 Merrick Road
P.O. Box 576
Lynbrook, NY 11563
(516) 593-8200

325 Essjay Road, Suite 210
Buffalo, NY 14221
(716) 631-9140

5015 Campuswood Drive
Suite 202
Syracuse, NY 13057
(315) 433-1144

MID ATLANTIC REGION

15 Kings Grant Drive
Bala-Cynwyd, PA 19004
(215) 839-6600

Atrium Building
6101 Executive Boulevard
Rockville, MD 20852
(301) 881-9300

Six Becker Farm Road
Roseland, NJ 07068
(201) 740-9400

One PPG Place, Suite 2700
Pittsburgh, PA 15222-5409
(412) 391-6555

CENTRAL REGION

34119 West Twelve Mile Road
Suite 200
Farmington Hills, MI 48331
(248) 489-2800

111 Congressional Boulevard
Suite 200
Carmel, IN 46032
P.O. Box 7170
Indianapolis, IN 46207-7170
(317) 582-1700

Two Corporate Center
9900 Corporate Campus Drive
Suite 2000
P.O. Box 35220
Louisville, KY 40232-5220
(502) 425-8450

Point 6 Office Building
24651 Center Ridge Rd., Suite 400
Cleveland, OH 44145
(216) 835-5300

SOUTHERN REGION

1835 Shackleford Court, Suite 100
Norcross, GA 30093
(404) 564-0400

3535 Grandview Parkway, Suite 550
P.O. Box 530605
Birmingham, AL 35243
(205) 969-0067

155 Franklin Road, Suite 100
P.O. Box 300
Brentwood, TN 37027
(615) 373-9555

MIDWEST REGION

Two National Plaza
1000 Plaza Drive
Schaumburg, IL 60173
(847) 413-9090

1660 South Highway 100
Minneapolis, MN 55416
(612) 546-7550

12250 Weber Hill Road, Suite 300
P.O. Box 8509 A
St. Louis, MO 63126
(314) 843-0600

15700 West Bluemound Road
Brookfield, WI 53005
(414) 782-9500

SOUTHWEST REGION

2100 Walnut Hill Lane
P.O. Box 152067
Irving, TX 75015-2067
(972) 550-7899

First Interstate Bank
13201 Northwest Freeway
Suite 400
P.O. Box 40914
Houston, TX 77240
(713) 460-4650

3503 N. W. 63rd Street, Suite 500
Oklahoma City, OK 73116
(405) 848-8921

PACIFIC REGION

6006 Wilshire Boulevard
P.O. Box 36907
Los Angeles, CA 90036
(213) 938-2282

333 City Boulevard West, Suite 300
P.O. Box 11020
Orange, CA 92668-1020
(714) 937-1400

6130 Stoneridge Mall Road
Building #3
P.O. Box 9117
Pleasanton, CA 94566-9117
(510) 734-9200

LIBERTY MUTUAL GROUP OFFICE LOCATIONS

FLORIDA REGION

988 Woodcock Road
P.O. Box 140494
Orlando, FL 32814-0494
(407) 894-2451

7950 N.W. 53rd Street
P.O. Box 660250
Miami, FL 33166
(305) 592-0370

SOUTHEAST REGION

5624 Executive Center Drive
Suite 200
P.O. Box 25708
Charlotte, NC 28212
(704) 535-3150

4101 Cox Road, Suite 200
Glen Allen, VA 23060
(804) 270-6222

**LIBERTY NORTHWEST
INSURANCE CORP.**

Lloyd Center Tower
825 N. E. Multnomah Street
Portland, OR 97232
(503) 239-5800

WESTERN REGION

Liberty Mutual Building
13111 East Briarwood Avenue
Suite 100
Englewood, CO 80112
(303) 799-0818

CANADIAN DIVISION

Liberty International Canada
181 Bay Street, Suite 3320
P.O. Box 744, BCE Place
Toronto, Ontario M5J 2T3
(416) 365-7587

Dear Policyholder

We are writing to inform you that the California Insurance Commissioner approved changes to the Uniform Statistical plan applicable to all insurers that require reporting as medical loss, expenses associated with medical cost containment programs. Medical loss will include expenses incurred from an outside vendor or by an employee, to ensure that only reasonable and necessary costs of services are paid.

These costs include, but are not limited to:

1. Bill auditing expenses for any medical services rendered, such as hospital bills, nursing home bills, physician bills, chiropractic bills, medical equipment charges, pharmacy charges, physical therapy bills and medical vendor bills.
2. Medical and utilization management, including hospital pre-certification or pre-admission, concurrent or retrospective reviews.
3. Expenses incurred with respect to utilization of managed care organizations, including preferred provider organizations (PPOs) and health care organizations (HCOs).
4. Medical Fee review panel expenses.
5. Payment of capitation and enrollment fees or other similar costs associated with capitated medical management programs.

These reporting requirements apply to all California Workers Compensation policies issued in the state effective on or after January 1, 1998. The effects of these changes will be reflected in future experience modifications.

If you have questions about any of the changes contact your Liberty Mutual representative for further explanation.



LIBERTY MUTUAL WORKERS COMPENSATION AND GROUP BENEFITS
PRIVACY PRACTICES DISCLOSURE NOTICE

This Privacy Practices Disclosure Notice outlines the privacy practices for Liberty Mutual Insurance Company and its subsidiaries and affiliates listed below (collectively referred to as "Liberty Mutual"):

- Liberty Mutual Fire Insurance Company
- LM Insurance Corporation
- Liberty Insurance Company of America
- Liberty Life Assurance Company of Boston
- Liberty Insurance Corporation
- The First Liberty Insurance Corporation
- Liberty Northwest Insurance Corporation
- Helmsman Management Services, Inc.

This Notice tells you:

- The categories of nonpublic personal information (NPPI) we collect from you or from a third party about you or about participants, beneficiaries or claimants under your workers compensation and/or group benefit coverage;
- How we use NPPI;
- The categories of affiliates and non-affiliate third parties with whom we share NPPI;
- The security policies and procedures in place to protect the confidentiality and security of NPPI provided to us.

If you have questions regarding this Privacy Practices Disclosure Notice, contact us by sending an email to pstprivacy@libertymutual.com or write to us at:

**Presidential Service Team
 Liberty Mutual Insurance Company
 175 Berkeley Street
 Boston, MA 02117**

Please include your policy number with any correspondence.

1. INFORMATION WE MAY COLLECT

We want you to conduct business with us knowing that we protect NPPI. We collect NPPI from you or from third parties about you or about participants, beneficiaries or claimants under your insurance coverage. We collect NPPI from:

- Applications or other forms which may include policyholder, participant, beneficiary or claimant name, address, phone number, social security number, household information, vehicle and driver information, date of birth, medical information related to underwriting and claims, and insurance coverage;
- Your business dealings with us, our affiliates, or others, such as prior claims or accidents, medical information related to claims, information about your accident or injury (if applicable), and the names of witnesses and other contact information; and
- Consumer reporting agencies, motor vehicle departments, and inspection services.

2. HOW THE INFORMATION IS USED

We use NPPI:

- To provide policy and premium quotes;
- To underwrite applications, administer claims, and answer questions about our insurance products and services;
- For account administration and processing premium billings payments;
- To process and defend insurance claims, and administer insurance benefits (including utilization review activities);
- To report, investigate, or prevent fraud or material misrepresentation; and
- As otherwise required or permitted by federal or state law.

3. TO WHOM INFORMATION IS DISCLOSED

We do not disclose NPPI about you or about participants, beneficiaries or claimants under your insurance policy to anyone, unless allowed by law. We are allowed by law to provide NPPI to:

- A third party that performs services for us, such as claims investigations or medical examinations;
- Our affiliated companies and reinsurers;
- Insurance regulators, reporting agencies or, if applicable, involuntary market administrators;
- State Motor Vehicle Departments to obtain a report of any accidents or convictions;
- Law enforcement agencies or other governmental authorities to report suspected illegal activities;
- Persons or organizations conducting insurance actuarial or research studies, subject to appropriate confidentiality agreements;
- Companies that provide marketing services on our behalf, or as part of a joint marketing agreement; and,
- As otherwise permitted or required by law.

4. HOW WE PROTECT INFORMATION

We maintain physical, electronic, and procedural safeguards to guard NPPI. These safeguards comply with applicable laws. We retain NPPI for as long as required by law or regulation. The only employees or agents who have access to your NPPI are those who must have it to provide products or services to you. We do not sell your NPPI to mass marketing or telemarketing companies.



**COMMERCIAL
POLICY
WORKERS' COMPENSATION AND
EMPLOYERS' LIABILITY POLICY FOR**

WC2-161-036631-183

N M N CONSTRUCTION INC

891 W HAMILTON AVE
CAMPBELL CA 95008

ISSUING OFFICE 600
INFORMATION PAGEWorkers Compensation and
Employers Liability PolicyACCOUNT NO. **6-036631**SUB ACCT NO. **0001**Liberty Mutual Insurance Group/Boston
Liberty Mutual Fire Insurance Company **16586**

POLICY NO.	TD/CD	SALES OFFICE	CODE	SALES REPRESENTATIVE	CODE	N/R	1ST YEAR
WC2-161-036631-183	32/4	PLEASANTON, CA-669		CASWELL	6893	1	2003

Item 1. Name of **N M N CONSTRUCTION INC**
InsuredFEIN **770372773**Address **891 W HAMILTON AVE**
CAMPBELL CA 95008Status **Corporation**

Other workplaces not shown above: See Item 4

Item 2. Policy Period: From	Mo.	Day	Year	Mo.	Day	Year
	10	01	2003	10	01	2004

12:01 am standard time at the address of the insured as stated herein.

Item 3. Coverage

A. Workers Compensation Insurance: Part One of the policy applies to the Workers Compensation Law of the states listed here:

CA

B. Employers Liability Insurance: Part Two of the policy applies to work in each state listed in item 3.A. The limits of our liability under Part Two are:

Bodily Injury by Accident	\$ 1,000,000	each accident
Bodily Injury by Disease	\$ 1,000,000	policy limit
Bodily Injury by Disease	\$ 1,000,000	each employee

C. Other States Insurance: Part Three of the policy applies to the states, if any, listed here:

**All States except those listed in Item 3.A and the States of:
AK ND OH WA WV WY**

D. This policy includes these endorsements and schedules: SEE EXTENSION OF INFORMATION PAGE

Item 4. Premium — The premium for this policy will be determined by our Manuals of Rules, Classifications, Rates and Rating Plans. All information required below is subject to verification and change by audit.

Classifications	Code No.	Premium Basis	Rates	LINE 110
		Estimated Total Annual Remuneration	Per \$100 of Re-muneration	Estimated Annual Premiums
SEE EXTENSION OF INFORMATION PAGE				

Minimum Premium **\$ 2500 (CA)** Total Estimated Annual Premium **\$ 332,949**Interim adjustment of premium shall be made: **Annual** Deposit Premium **\$ 332,949**

This policy, including all endorsements issued therewith, is hereby countersigned by

Authorized Representative

Date 10/16/2003

Loc. Code	Term. Oper. JMD	Audit Basis	Periodic Payment	Rating Basis R	Pol. H.G.	Home State CA	Dividend	New
	10/16/2003	1						

Miscellaneous Form and Endorsement Schedule

Policy Notices and Applications

<u>Form Number</u>	<u>Form Name</u>
GPO 4187 R13	CA Workers Compensation Administrative/User Funding Surcharge
GPO 4521 R12	California Notice To Policyholders
GPO 4569 R1	California Notice of Availability of Occupational Safety and Health Loss Control Consultation Services
GPO 4570 R5	California Workers' Compensation Notice To Policyholders
GPO 4614 R2	California Notice to Policyholder
GPO 4662 R3	Loss Prevention Services
GPO 4722	Policyholder Notice
GPO 4756 R1	LM WC and Group Benefits Privacy Practices Disclosure Notice

Policy Schedules

<u>Form Number</u>	<u>Form Name</u>
GPO 4032 R2	WC Company 2 Jacket (GPO 4032 R2)
GPO 4772	LMFIC - Notice of Membership in Liberty Mutual Holding Company Inc. and Notice of Annual Meeting
WC 00 00 01 A	Information Page (1 YR)
GPO 4741	Miscellaneous Form and Endorsement Schedule
GPO 2923	Item 4. Premium - Extension of Information Page
GPO 2926	U.S.L. and H.W. Compensation Act Schedule
GPO 4162	Named Insured Link Schedule

Policy Endorsements

<u>Form Number</u>	<u>Form Name</u>	<u>End Serial No.</u>	<u>Comments</u>
WC 00 04 02	Anniversary Rating Date	End. 1	
WC 00 04 03	Experience Rating Modification Factor	End. 2	
WC 00 04 19	Premium Due Date Endorsement	End. 3	
WC 00 04 20	Terrorism Risk Insurance Act Endorsement	End. 4	
WC 04 01 01 A	Longshore and Harbor Workers' Compensation Act Coverage California	End. 5	
WC 04 03 01 A	Policy Amendatory - California	End. 6	

Policy No. WC2-161-036631-183

Page 1

GPO 4741
Ed. 01/01/2001

WC 00 00 01 A

Miscellaneous Form and Endorsement Schedule

Continued:

Policy Endorsements

<u>Form Number</u>	<u>Form Name</u>	<u>End Serial No.</u>	<u>Comments</u>
WC 04 03 05	Voluntary Compensation and Employers Liability Coverage - California	End. 7	
WC 04 03 06	Waiver of Our Right to Recover From Others - California	End. 8	
WC 04 03 36	Endorsement Agreement Limiting and Restricting This Insurance	End. 9	
WC 04 03 60 A	Employers Liability Coverage Amendatory - California	End. 10	
WC 04 04 02	Mandatory Rate Change - California	End. 11	
WC 04 04 07	Premium Adjustment Endorsement - California	End. 12	
WC 04 06 01 A	California Cancelation Endorsement	End. 13	
WC 99 05 02	Large Risk Alternative Rating Option	End. 14	

Policy No. WC2-161-036631-183

Page 2

GPO 4741
Ed.01/01/2001

WC 00 00 01 A

Item 4. Premium - Extension of Information Page

Classification of Operations		Premium Basis	Rate	
	Class Code	Payroll - Unless otherwise indicated a) Flat Charge b) Per Capita c) Passenger Seat d) Premium e) Other	Payroll- Per \$100	Estimated Premium
Entries in this item, except as specifically provided elsewhere in this policy, do not modify any of the other provisions of this policy.				
California				
Period: 10/01/2003 - 01/31/2004 (Rating Date: 01/31/2003)				
Campbell: 891 W Hamilton Ave 95008				
Concrete Construction NOC	5213	500,000	16.35	81,750
Reinforcing Steel Installation - Placing for Concrete Construction	5225	166,667	29.21	48,683
<i>Subject to Voluntary Compensation Endorsement</i>				
Salespersons - Outside	8742	If Any	1.86	0
Manual Premium				\$130,433
Experience Modification (.96 FNL)	9898	d)	130,433	(5,217)
Modified Premium				\$125,216
Schedule Rating	9887		.20	(25,043)
Standard Premium				\$100,173
Estimated Premium				\$100,173
California Insurance Guarantee Association	0936	d)	100,173	.02
				2,003
California User Fund/WC Administrative Revolving Fund	0935	d)	100,173	.000971
				97
CA Fraud Investigation/Prosecution Surcharge	9703	d)	100,173	.00118
				118
Period: 01/31/2004 - 10/01/2004 (Rating Date: 01/31/2004)				
Campbell: 891 W Hamilton Ave 95008				
Concrete Construction NOC	5213	1,000,000	18.95	189,500
Reinforcing Steel Installation - Placing for Concrete Construction	5225	333,333	33.87	112,900

Policy No. WC2-161-036631-183

Page No. 1

GPO 2923
Ed. 01/01/2001

WC 00 00 01 A

Item 4. Premium - Extension of Information Page

Classification of Operations Entries in this item, except as specifically provided elsewhere in this policy, do not modify any of the other provisions of this policy.	Class Code	Premium Basis Payroll - Unless otherwise indicated a) Flat Charge b) Per Capita c) Passenger Seat d) Premium e) Other	Rate Payroll- Per \$100	Estimated Premium
Continued:				
California				
Period: 01/31/2004 - 10/01/2004 (Rating Date: 01/31/2004)				
Campbell: 891 W Hamilton Ave 95008				
Subject to Voluntary Compensation Endorsement				
Salespersons - Outside	8742	If Any	.2.16	0
Manual Premium				\$302,400
Experience Modification (.96 PEND)	9898	d) 302,400		(12,096)
Modified Premium				\$290,304
Schedule Rating	9887		.20	(58,061)
Standard Premium				\$232,243
Terrorism Risk Insurance Act of 2002 - Certified Losses	9740	1,333,333	.04	533
Estimated Premium				\$232,776
California Insurance Guarantee Association	0936	d) 232,776	.02	4,656
California User Fund/WC Administrative Revolving Fund	0935	d) 232,776	.000971	226
CA Fraud Investigation/Prosecution Surcharge	9703	d) 232,776	.001118	275
Total Premium for California				\$332,949
Total Surcharges and Assessments for California				\$7,375

Policy No. WC2-161-036631-183

Page No. 2

GPO 2923
Ed. 01/01/2001

WC 00 00 01 A

**UNITED STATES LONGSHORE AND HARBOR
WORKERS COMPENSATION ACT - INCIDENTAL**

<u>States</u>	<u>Percent of increase - non-Federal rates</u>	<u>States</u>	<u>Percent of increase - non-Federal rates</u>
---------------	--	---------------	--

Period: 10/01/2003 - 01/31/2004
(Rating Date: 01/31/2003)

California 112.3%

Period: 01/31/2004 - 10/01/2004
(Rating Date: 01/31/2004)

California 112.3%

Name	Code	Insured Name/Location	City	State	Zip
Link					
001		N. M. N. Construction, Inc.			
001		Telephone Number: (408) 874-2500			
001		FEIN: 77-0372773			
001		891 W Hamilton Ave	Campbell	CA	95008

Policy No. WC2-161-036631-183

GPO4162
Page 1
Ed. 8/16/2001

LARGE RISK ALTERNATIVE RATING OPTION PLAN

It is hereby agreed that the insured and insurer have mutually agreed to a Large Risk Alternative Rating Option, Retrospective Rating Plan. The insured and insurer further agree that this endorsement, and no other governs the rating of the policy(s) listed below.

Throughout this endorsement the words "you" and "your" refer to the Insured accepting this agreement. The words "we", "us" and "our" refer to the Company providing this rating plan.

I. Coverage Included

This rating agreement applies to the following lines of insurance:

- A. All Workers' Compensation, Employers Liability provided under the policies listed below and renewals and rewrites thereof:

<u>List of Policies</u>	<u>States/Coverages</u>
WC2-161-036631-183	All States covered by the policy

II. Period of the Rating Plan Agreement

This rating agreement will apply to the coverage as specified in Section I - Coverage Included for the period beginning 10/01/03 and ending 10/01/04, sometimes referred to herein as the "rating plan period."

III. Definition of Terms Used in the Computation of the Retrospective Premium

Standard Premium

"Standard premium" is the premium we would charge during the rating plan period for the insurance subject to retrospective rating if you had not chosen retrospective premium rating, but with exceptions. Standard premium does not include the expense constant charge, the premium discount credit, small dollar deductible credits or any other expense modification.

If this endorsement applies to more than one policy or state, the standard premium will be the sum of the standard premiums for each policy and state.

Ratable Incurred Losses

"Ratable Incurred Losses" means all gross amounts we pay and estimate that we will pay for losses and the following items:

1. Premium on bonds paid for by us in accordance with the provisions of the policies, except that this provision will not apply for workers' compensation, employers liability or auto physical damage insurance.

2. Interest on judgments payable in accordance with the provisions of the workers' compensation policy(ies).
3. Expense incurred in seeking recovery against a third party under the insurance subject to retrospective rating, except that this will apply for workers' compensation and employers liability insurance only if recovery is obtained against the third party.
4. All amounts that we pay and estimate that we will pay for allocated loss adjustment expense, which shall include non-workers' compensation interest on judgments payable in accordance with the provisions of the policy(s).
5. For the purpose of this definition:
"Ratable incurred losses" shall not include losses resulting from an "act of terrorism" as defined under the Terrorism Risk Insurance Act of 2002. The Act defines "act of terrorism" to mean:

[A]ny act that is certified by the Secretary [of the Treasury] in concurrence with the Secretary of State, and the Attorney General of the United States.

 - (i) to be an act of terrorism;
 - (ii) to be a violent act or an act that is dangerous to -
 - (I) human life;
 - (II) property; or
 - (III) infrastructure;
 - (iii) to have resulted in damage within the United States, or outside the United States, in the case of -
 - (I) an air carrier as defined in section 40102 of title 49 United States Code) or United States flag vessel(or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States); or
 - (II) the premises of a United States mission; and
 - (iv) to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States government by coercion.

Workers' Compensation and Employers Liability "ratable incurred losses" to which this rating agreement applies caused by bodily injury by accident or disease including death at any time resulting therefrom, to one or more employees in a single accident will be subject to a \$200,000 loss limit, which includes allocated loss adjustment expense. Incurred losses to which this rating agreement applies caused by bodily injury by disease including death at any time resulting therefrom to any one employee shall be deemed to arise out of a single accident.

IV. Retrospective Premium Formula

Insurance policies listed in Section I will be combined to calculate the retrospective premium. If the policies provide insurance for more than one insured, the retrospective premium will be determined for all insureds combined, not separately for each insured.

Retrospective Premium means the sum of the following elements, subject to minimum and maximum provisions when applicable:

- A. Ratable incurred losses multiplied by a factor of 1.131, and an average tax multiplier of 1.027, plus
- B. Standard premium multiplied by a basic factor of .614, and an average tax multiplier of 1.027

Such total premium derived from above is subject to a minimum premium equal to the amount obtained by applying a factor of .650 the standard premium.

Such total premium derived from above is subject to a maximum premium equal to the amount obtained by applying a factor of 1.600 the standard premium.

V. Not Subject Premium

- A. Terrorism Risk Insurance Act Premium
A rate of .04 multiplied per \$100 of audited payroll in the state of California for the Workers Compensation Terrorism Risk Insurance Act Premium, plus
- B. Audited Expense Constant, plus
- C. Audited Assessments and Surcharges

VI. Dates of Computation of Retrospective Rating Premium

A. A calculation of the retrospective premium and not subject premium based upon the audited exposures and incurred losses, such losses to be valued as of a date 18 months (or as otherwise mutually agreed to) after the rating plan period ends, or after each anniversary period ends if this is a multi-year agreement, will be made by us as soon as practicable after such valuation date.

Subsequent calculations will be made on a combined basis for all annual periods at intervals of twelve months, subject to a similar procedure using the next annual valuation.

We may make a special valuation of the retrospective premium as of any date that any Insured is declared bankrupt or insolvent, makes an assignment for the benefit of creditors, is involved in reorganization, receivership, or liquidation, or disposes of all its interest in work covered by the insurance. You will pay the amount due us if the retrospective premium is more than the total standard premium as of the special valuation date.

B. We may mutually agree with you that any calculation of retrospective premium is the final calculation. No other calculation will be made unless there is clerical error in the final calculation.

VII. Payment of Premium

After each calculation if the premium computed exceeds the premium previously paid for insurance subject to the retrospective rating agreement, you will pay the difference to us. If less, we will return the difference to you.

Each Named Insured covered under the policy(ies) listed in Section I is jointly and severally liable for all premiums due under this rating agreement and for any other financial obligations of any Named Insured to us arising out of any agreements contained in the policies listed in Section I.

VIII. Work In Other States

A. If any of the policies listed in Section I provide insurance in a state that was not originally contemplated at the inception of this rating plan agreement, and if you begin work in that state during the rating plan period, this endorsement will apply to that insurance.

We reserve the right to review and renegotiate the pricing of this rating plan agreement if, in our sole judgment, the additional operation represents a significantly different exposure from that contemplated at the inception of this agreement.

B. This section VIII. applies only to any such state in which we are licensed to write the line(s) of insurance to which this endorsement applies and in which this Large Risk Alternative Rating Option is available for use.

IX. Cancellation

The cancellation or non-renewal, prior to the end of the period of the rating agreement, of any policy designated in Section I or renewals or rewrites thereof will be considered cancellation of this rating agreement and the retrospective premium will be computed as follows:

In the event of cancellation by you:

1. The standard premium for the period before cancellation became effective will be computed by applying the short rate penalty provisions of the policies corresponding to the time the policy is in force to the standard premium extended pro rata to a full annual basis. Such standard premium for that period and for all completed annual periods will be used in computation of the retrospective and excess premiums. The sum of such standard premiums will be the minimum.
2. In computing the maximum retrospective premium, the standard premium will be audited(standard) premium to the date of cancellation and then extended pro-rata from the date of cancellation to the end of the period of the rating agreement. Cancellation by us because of non-payment of premium by you will be considered to be cancellation by you for the purpose of computing the maximum premium.
3. Excess and Not Subject Premium will be computed as follows
 - (i) if you cancel, the refund if any, will be computed in accordance with the customary short rate procedure.
 - (ii) if we cancel for any reason other than non-payment, the refund if any will be computed pro-rata.

Cancellation of the insurance applying to a part of the operations as designated in the declarations of the policy(ies) listed in Section I is deemed to be cancellation of the entire rating agreement subject to the following exception: cancellation of the insurance applying to that part of the operations which are discontinued or sold by the insured shall not be deemed to be cancellation of the agreement.

IX. Regulatory Service Requirements

We may become regulatorily required, after this policy becomes effective, to provide certain services (e.g. managed care) under the policy or to re-classify/re-code certain services under the policy in accordance with filed rating and statistical plans. If this happens, the charges made for the required services and/or re-classification of services will be consistent with filed rating and statistical plans (e.g. medical loss, indemnity loss, allocated loss adjustment expense, or unallocated loss adjustment expense).

Accepted by:	<i>James R. Lapp</i>	President	10/15/03
(Insured)	(Title)	(Date)	
(Proprietor, Partner or Authorized Office of Corporation)			

This endorsement is executed by the company below designated by an entry in the box opposite its name

Premium \$ LIBERTY MUTUAL INSURANCE COMPANY
 LIBERTY MUTUAL FIRE INSURANCE COMPANY
 LIBERTY INSURANCE CORPORATION
 LM INSURANCE CORPORATION
Effective Date: 10/01/03 Expiration Date: 10/01/04 THE FIRST LIBERTY INSURANCE CORPORATION

For attachment to Policy or Bond No.:WC2-161-036631-183

SECRETARY

PRESIDENT

Audit Basis

Issued To: N.M.N. Construction

Countersigned by
Authorized Representative

End. Serial No. 1A

N M N CONSTRUCTION INC

891 W HAMILTON AVE
CAMPBELL CA 95008

Revised
Total Estimated Premium
\$321,909

Revised
Assessments and Surcharges
\$7,129

Net Premium Change
\$44,924

Net Change for
Assessments and Surcharges
\$994

Account Number 6-036631

Policy Number WC2-161-036631-183 32/4

Sales Office Code 669 Sales Office Name PLEASANTON, CA-

Sales Rep Code 6893 Sales Representative CASWELL

Issuing Office
PACIFIC DIVISION
SUITE 400
6130 STONERIDGE MALL ROAD
PLEASANTON, CA 94588

DIV 1000
Ed. 11/01/2001

MISCELLANEOUS CHANGE ENDORSEMENT

It is agreed that with respect to any box marked by (x) the information page of the policy is changed to read: Item 3. Coverage

Revise

A. WORKERS COMPENSATION INSURANCE: PART ONE

B. LIMITS OF LIABILITY: PART TWO

Bodily Injury
by Accident
Each Accident \$

Bodily Injury
by Disease
Each Employee \$

Bodily Injury
by Disease
Policy Limit \$

C. OTHER STATES INSURANCE: PART THREE

All States except those listed in Item 3.A and the States of:
AK ND OH WA WV WY

Item 4. The Schedule in Item 4 of the Information Page is amended as follows:

Classification of Operations	Code No.	Premium Basis	Rates	Estimated Annual Premiums
Revised California schedule credit to 7%. See attached GPO 2923 for details.		Estimated Total Annual Remuneration	Per \$100 of Remuneration	

Experience Modification:	Premium
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Minimum Premium

Adjustment of premium shall be made:

Periodic Payment

This is a Three Year Fixed Rate Policy

This endorsement is executed by the Liberty Mutual Fire Insurance Company

16586

Premium

Endorsement Effective Date 10/01/2003

Expiration Date 10/01/2004

Policy Effective Date 10/01/2003

Expiration Date 10/01/2004

For attachment to Policy No. WC2-161-036631-183

32/4

Audit Basis 1 6-036631/0001

Issued To N M N CONSTRUCTION INC

891 W HAMILTON AVE
CAMPBELL CA 95008

Issued TJP

05/24/2004

Countersigned by _____

Authorized Representative

SALES OFFICE PLEASANTON, CA-	CODE 669	SALES REPRESENTATIVE CASWELL	CODE 6893	N/R 1	1 st YEAR 2003	END. SERIAL NO. 26
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Item 4. Premium - Extension of Information Page

Classification of Operations Entries in this item, except as specifically provided elsewhere in this policy, do not modify any of the other provisions of this policy.	Class Code	Premium Basis Payroll - Unless otherwise indicated a) Flat Charge b) Per Capita c) Passenger Seat d) Premium e) Other	Rate Payroll- Per \$100	Estimated Premium
California				
Period: 10/01/2003 - 01/31/2004 (Rating Date: 01/31/2003)				
Campbell: 891 W Hamilton Ave 95008				
Concrete Construction NOC Reinforcing Steel Installation - Placing for Concrete Construction	5213 5225	500,000 166,667	16.35 29.21	81,750 48,683
Subject to Voluntary Compensation Endorsement				
Salespersons - Outside	8742	If Any	1.86	0
Manual Premium				\$130,433
Experience Modification (.96 FNL) Modified Premium	9898 d)	130,433		(5,217) \$125,216
Schedule Rating	9887		.07	(8,765)
Standard Premium				\$116,451
Estimated Premium				\$116,451
California Insurance Guarantee Association	0936 d)	116,451	.02	2,329
California User Fund/WC Administrative Revolving Fund	0935 d)	116,451	.000971	113
California Fraud Investigation/Prosecution Surcharge	9703 d)	116,451	.00118	137
Period: 01/31/2004 - 10/01/2004 (Rating Date: 01/31/2004)				
Campbell: 891 W Hamilton Ave 95008				
Concrete Construction NOC Reinforcing Steel Installation - Placing for Concrete Construction	5213 5225	1,000,000 333,333	21.14 23.56	211,400 78,533

Policy No. WC2-161-036631-183

Page No. 1

GPO 2923
Ed. 01/01/2001

WC 00 00 01 A

Item 4. Premium - Extension of Information Page

Classification of Operations Entries in this item, except as specifically provided elsewhere in this policy, do not modify any of the other provisions of this policy.	Class Code	Premium Basis Payroll - Unless otherwise indicated a) Flat Charge b) Per Capita c) Passenger Seat d) Premium e) Other	Rate Payroll- Per \$100	Estimated Premium
Continued:				
California				
Period: 01/31/2004 - 10/01/2004 (Rating Date: 01/31/2004)				
Campbell: 891 W Hamilton Ave 95008				
<i>Subject to Voluntary Compensation Endorsement</i>				
Salespersons - Outside Manual Premium	8742	If Any	1.90	0 \$289,933
Experience Modification (.76 FNL) Modified Premium	9898	d) 289,933		(69,584) \$220,349
Schedule Rating Standard Premium	9887		.07	(15,424) \$204,925
Terrorism Risk Insurance Act of 2002 - Certified Losses Estimated Premium	9740	1,333,333	.04	533 \$205,458
California Insurance Guarantee Association	0936	d) 205,458	.02	4,109
California User Fund/WC Administrative Revolving Fund	0935	d) 205,458	.000971	199
California Fraud Investigation/Prosecution Surcharge	9703	d) 205,458	.00118	242
Total Premium for California				\$321,909
Total Surcharges and Assessments for California				\$7,129

Policy No. WC2-161-036631-183

Page No. 2

GPO 2923
Ed. 01/01/2001

WC 00 00 01 A

N M N CONSTRUCTION INC

891 W HAMILTON AVE
CAMPBELL CA 95008

Revised
Total Estimated Premium
\$276,985

Revised
Assessments and Surcharges
\$6,135

Net Premium Change
(\$46,390)

Net Change for
Assessments and Surcharges
(\$1,027)

Account Number 6-036631

Policy Number WC2-161-036631-183 32/4

Sales Office Code 669 Sales Office Name PLEASANTON, CA

Sales Rep Code 6893 Sales Representative CASWELL

Issuing Office
PACIFIC DIVISION
SUITE 400
6130 STONERIDGE MALL ROAD
PLEASANTON, CA 94588

DIV 1000
Ed. 11/01/2001

EXPERIENCE RATING ENDORSEMENT

It is agreed that, as of the effective date of this endorsement, the premium rates and/or experience modification applicable to the operations of each state named herein are stated below:

Revised

Experience Modification: .76 Intrastate CA

State	Code No.	Rate	Premium
See attached GPO 2923 for details.			

This endorsement is executed by the Liberty Mutual Fire Insurance Company

16586

Premium

Endorsement Effective Date 01/31/2004

Expiration Date 10/01/2004

Policy Effective Date 10/01/2003

Expiration Date 10/01/2004

For attachment to Policy No WC2-161-036631-183

32/4

Audit Basis 1 6-036631 0001

Issued To N M N CONSTRUCTION INC

891 W HAMILTON AVE

CAMPBELL CA 95008

Issued TJP

05/17/2004 Countersigned _____

Authorized Representative

SALES OFFICE	CODE	SALES REPRESENTATIVE	CODE	N/R	1ST YEAR	END. SERIAL. NO.
PLEASANTON, CA -	669	CASWELL	6893	1	2003	25

WC 89 04 06

Item 4. Premium - Extension of Information Page

Classification of Operations		Premium Basis	Rate	
Class Code	Payroll - Unless otherwise indicated a) Flat Charge b) Per Capita c) Passenger Seat d) Premium e) Other	Payroll- Per \$100		Estimated Premium
Entries in this item, except as specifically provided elsewhere in this policy, do not modify any of the other provisions of this policy.				
California				
Period: 10/01/2003 - 01/31/2004 (Rating Date: 01/31/2003)				
Campbell: 891 W Hamilton Ave 95008				
Concrete Construction NOC	5213	500,000	16.35	81,750
Reinforcing Steel Installation - Placing for Concrete Construction	5225	166,667	29.21	48,683
<i>Subject to Voluntary Compensation Endorsement</i>				
Salespersons - Outside	8742	If Any	1.86	0
Manual Premium				\$130,433
Experience Modification (.96 FNL)	9898	d)	130,433	(5,217)
Modified Premium				\$125,216
Schedule Rating	9887		.20	(25,043)
Standard Premium				\$100,173
Estimated Premium				\$100,173
California Insurance Guarantee Association	0936	d)	100,173	.02
California User Fund/WC Administrative Revolving Fund	0935	d)	100,173	.000971
California Fraud Investigation/Prosecution Surcharge	9703	d)	100,173	.001118
Period: 01/31/2004 - 10/01/2004 (Rating Date: 01/31/2004)				
Campbell: 891 W Hamilton Ave 95008				
Concrete Construction NOC	5213	1,000,000	21.14	211,400
Reinforcing Steel Installation - Placing for Concrete Construction	5225	333,333	23.56	78,533

Policy No. WC2-161-036631-183

Page No. 1

GPO 2923
Ed. 01/01/2001

WC 00 00 01 A

Item 4. Premium - Extension of Information Page

Classification of Operations Entries in this item, except as specifically provided elsewhere in this policy, do not modify any of the other provisions of this policy.	Class Code	Premium Basis Payroll - Unless otherwise indicated a) Flat Charge b) Per Capita c) Passenger Seat d) Premium e) Other	Rate Payroll- Per \$100	Estimated Premium
Continued:				
California				
Period: 01/31/2004 - 10/01/2004 (Rating Date: 01/31/2004)				
Campbell: 891 W Hamilton Ave 95008				
<i>Subject to Voluntary Compensation Endorsement</i>				
Salespersons - Outside Manual Premium	8742	If Any	1.90	0 \$289,933
Experience Modification (.76 FNL) Modified Premium	9898 d)	289,933		(69,584) \$220,349
Schedule Rating Standard Premium	9887		.20	(44,070) \$176,279
Terrorism Risk Insurance Act of 2002 - Certified Losses Estimated Premium	9740	1,333,333	.04	533 \$176,812
California Insurance Guarantee Association	0936 d)	176,812	.02	3,536
California User Fund/WC Administrative Revolving Fund	0935 d)	176,812	.000971	172
California Fraud Investigation/Prosecution Surcharge	9703 d)	176,812	.001118	209
Total Premium for California				\$276,985
Total Surcharges and Assessments for California				\$6,135

Policy No. WC2-161-036631-183

Page No. 2

GPO 2923
Ed. 01/01/2001

WC 00 00 01 A

N M N CONSTRUCTION INC

891 W HAMILTON AVE
CAMPBELL CA 95008

Revised
Total Estimated Premium
\$323,375

Revised
Assessments and Surcharges
\$7,162

Net Premium Change
(\$134)

Net Change for
Assessments and Surcharges
(\$4)

Account Number 6-036631

Policy Number WC2-161-036631-183 32/4

Sales Office Code 669 Sales Office Name PLEASANTON, CA

Sales Rep Code 6893 Sales Representative CASWELL

Issuing Office
PACIFIC DIVISION
SUITE 400
6130 STONERIDGE MALL ROAD
PLEASANTON, CA 94588

DIV 1000
Ed. 11/01/2001

MISCELLANEOUS CHANGE ENDORSEMENT

It is agreed that with respect to any box marked by (x) the information page of the policy is changed to read: Item 3. Coverage

Revise

 A. WORKERS COMPENSATION INSURANCE: PART ONE B. LIMITS OF LIABILITY: PART TWO

Bodily Injury
by Accident
Each Accident \$

Bodily Injury
by Disease
Each Employee \$

Bodily Injury
by Disease
Policy Limit \$

 C. OTHER STATES INSURANCE: PART THREE

All States except those listed in Item 3.A and the States of:
AK ND OH WA WV WY

 Item 4. The Schedule in Item 4 of the Information Page is amended as follows:

Classification of Operations	Code No.	Premium Basis	Rates	Estimated Annual Premiums
The Terrorism factor is revised to show .04 in lieu of .05 for the rating period effective 01/31/2004. See the attached GPO 2923 for details.		Estimated Total Annual Remuneration	Per \$100 of Remuneration	
Experience Modification:			Premium	

Minimum Premium
 Adjustment of premium shall be made: Periodic Payment
 This is a Three Year Fixed Rate Policy

This endorsement is executed by the Liberty Mutual Fire Insurance Company

16586

Premium

Endorsement Effective Date 01/31/2004

Expiration Date 10/01/2004

Policy Effective Date 10/01/2003

Expiration Date 10/01/2004

For attachment to Policy No. WC2-161-036631-183

32/4

Audit Basis 1 6-036631 / 0001

Issued To N M N CONSTRUCTION INC

891 W HAMILTON AVE
CAMPBELL CA 95008

Issued JMD

01/12/2004

Countersigned by _____

Authorized Representative

SALES OFFICE PLEASANTON, CA-	CODE 669	SALES REPRESENTATIVE CASWELL	CODE 6893	N/R 1	1 st YEAR 2003	END. SERIAL NO. 24
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Item 4. Premium - Extension of Information Page (California)

Classification of Operations		Premium Basis	Rate	
	Class Code	Payroll - Unless otherwise indicated a) Flat Charge b) Per Capita c) Passenger Seat d) Premium e) Other	Payroll - Per \$100	Estimated Premium
Entries in this item, except as specifically provided elsewhere in this policy, do not modify any of the other provisions of this policy.				
California				
Period: 10/01/2003 - 01/31/2004 (Rating Date: 01/31/2003)				
Campbell: 891 W Hamilton Ave 95008				
Concrete Construction NOC	5213	500,000	16.35	81,750
Reinforcing Steel Installation - Placing for Concrete Construction	5225	166,667	29.21	48,683
<i>Subject to Voluntary Compensation Endorsement</i>				
Salespersons - Outside	8742	If Any	1.86	0
Manual Premium				\$130,433
Experience Modification (.96 FNL)	9898	d)	130,433	(5,217)
Modified Premium				\$125,216
Schedule Rating	9887		.20	(25,043)
Standard Premium				\$100,173
Estimated Premium				\$100,173
California Insurance Guarantee Association	0936	d)	100,173	.02
California User Fund/WC Administrative Revolving Fund	0935	d)	100,173	.000971
CA Fraud Investigation/Prosecution Surcharge	9703	d)	100,173	.00118
Period: 01/31/2004 - 10/01/2004 (Rating Date: 01/31/2004)				
Campbell: 891 W Hamilton Ave 95008				
Concrete Construction NOC	5213	1,000,000	21.14	211,400
Reinforcing Steel Installation - Placing for Concrete Construction	5225	333,333	23.56	78,533

Policy No. WC2-161-036631-183

Page No. 1

GPO 2923
Ed. 01/01/2001

WC 00 00 01 A

Item 4. Premium - Extension of Information Page (California)

Classification of Operations		Premium Basis	Rate	
Entries in this item, except as specifically provided elsewhere in this policy, do not modify any of the other provisions of this policy.		Class Code	Payroll - Unless otherwise indicated a) Flat Charge b) Per Capita c) Passenger Seat d) Premium e) Other	Payroll - Per \$100 Estimated Premium
Continued				
California				
Period: 01/31/2004 - 10/01/2004 (Rating Date: 01/31/2004)				
Campbell: 891 W Hamilton Ave 95008				
<i>Subject to Voluntary Compensation Endorsement</i>				
Salespersons - Outside	8742	If Any	1.90	0
Manual Premium				\$289,933
Experience Modification (.96 PEND)	9898	d) 289,933		(11,597)
Modified Premium				\$278,336
Schedule Rating	9887		.20	(55,667)
Standard Premium				\$222,669
Terrorism Risk Insurance Act of 2002 - Certified Losses	9740	1,333,333	.04	533
Estimated Premium				\$223,202
California Insurance Guarantee Association	0936	d) 223,202	.02	4,464
California User Fund/WC Administrative Revolving Fund	0935	d) 223,202	.000971	217
CA Fraud Investigation/Prosecution Surcharge	9703	d) 223,202	.00118	263
Total Premium for California				\$323,375
Total Surcharges and Assessments for California				\$7,162

N M N CONSTRUCTION INC

891 W HAMILTON AVE
CAMPBELL CA 95008

Revised
Total Estimated Premium
\$323,509

Revised
Assessments and Surcharges
\$7,166

Net Premium Change
(\$9,440)

Net Change for
Assessments and Surcharges
(\$209)

Account Number 6-036631

Policy Number WC2-161-036631-183 32/4

Sales Office Code 669

Sales Office Name PLEASANTON, CA

Sales Rep Code 6893

Sales Representative CASWELL

Issuing Office

PACIFIC DIVISION
SUITE 400
6130 STONERIDGE MALL ROAD
PLEASANTON, CA 94588

DIV 1000
Ed. 11/01/2001

STATE CHANGE ENDORSEMENT

Rate changes that apply to the policy have been approved by the proper regulatory authority. The changes are shown in the Schedule.

Schedule

State	Date of Change	State	Date of Change
California	01/01/2004		

See the attached Item 4. Premium Schedule(s) for the specific rate changes applicable to your policy.

This endorsement is executed by: Liberty Mutual Fire Insurance Company 16586
 Revised Total Estimated Premium: \$323,509 Revised Assessments & Surcharges: \$7,166
 Net Premium Change: (\$9,440) Net Change: (\$209)
 Endorsement Effective Date: 10/01/2003 Endorsement Expiration Date: 10/01/2004
 Policy Effective Date: 10/01/2003 Expiration Date: 10/01/2004
 For attachment to Policy No. WC2-161-036631-183 32/4 0001

Account No. 6-036631

Issued to: N M N CONSTRUCTION INC

891 W HAMILTON AVE
CAMPBELL CA 95008

Issued: GM
01/08/2004

Countersigned by _____

Authorized Representative
End. Serial No. 23

WC 00 04 07
Ed. 11/01/2001

Item 4. Premium - Extension of Information Page (California)

Classification of Operations		Premium Basis	Rate	
Entries in this item, except as specifically provided elsewhere in this policy, do not modify any of the other provisions of this policy.		Payroll - Unless otherwise indicated	Payroll Per \$100	Estimated Premium
		a) Flat Charge		
		b) Per Capita		
		c) Passenger Seat		
		d) Premium		
		e) Other		
California				
Period: 10/01/2003 - 01/31/2004 (Rating Date: 01/31/2003)				
Campbell: 891 W Hamilton Ave 95008				
Concrete Construction NOC	5213	500,000	16.35	81,750
Reinforcing Steel Installation - Placing for Concrete Construction	5225	166,667	29.21	48,683
Subject to Voluntary Compensation Endorsement				
Salespersons - Outside	8742	If Any	1.86	0
Manual Premium				\$130,433
Experience Modification (.96 FNL)	9898	d)	130,433	(5,217)
Modified Premium				\$125,216
Schedule Rating	9887		.20	(25,043)
Standard Premium				\$100,173
Estimated Premium				\$100,173
California Insurance Guarantee Association	0936	d)	100,173	.02
California User Fund/WC Administrative Revolving Fund	0935	d)	100,173	.000971
CA Fraud Investigation/Prosecution Surcharge	9703	d)	100,173	.00118
Period: 01/31/2004 - 10/01/2004 (Rating Date: 01/31/2004)				
Campbell: 891 W Hamilton Ave 95008				
Concrete Construction NOC	5213	1,000,000	21.14	211,400
Reinforcing Steel Installation - Placing for Concrete Construction	5225	333,333	23.56	78,533

Item 4. Premium - Extension of Information Page (California)

Classification of Operations		Premium Basis	Rate	
Entries in this item, except as specifically provided elsewhere in this policy, do not modify any of the other provisions of this policy.		Payroll - Unless otherwise indicated	Payroll- Per \$100	Estimated Premium
		a) Flat Charge		
		b) Per Capita		
		c) Passenger Seat		
		d) Premium		
		e) Other		
Continued				
California				
Period: 01/31/2004 - 10/01/2004 (Rating Date: 01/31/2004)				
Campbell: 891 W Hamilton Ave 95008				
<i>Subject to Voluntary Compensation Endorsement</i>				
Salespersons - Outside	8742	If Any	1.90	0
Manual Premium				\$289,933
Experience Modification (.96 PEND)	9898	d)	289,933	(11,597)
Modified Premium				\$278,336
Schedule Rating	9887		.20	(55,667)
Standard Premium				\$222,669
Terrorism Risk Insurance Act of 2002 - Certified Losses	9740	d)	1,333,333	.05
Estimated Premium				\$223,336
California Insurance Guarantee Association	0936	d)	223,336	.02
California User Fund/WC Administrative Revolving Fund	0935	d)	223,336	.000971
CA Fraud Investigation/Prosecution Surcharge	9703	d)	223,336	.00118
Total Premium for California				\$323,509
Total Surcharges and Assessments for California				\$7,166

Policy No. WC2-161-036631-183

Page No. 2

GPO 2923
Ed. 01/01/2001

WC 00 00 01 A

N M N CONSTRUCTION INC

891 W HAMILTON AVE
CAMPBELL CA 95008

Revised
Total Estimated Premium
\$332,949

Revised
Assessments and Surcharges
\$7,375

Net Premium Change
\$0

Net Change for
Assessments and Surcharges
\$0

Account Number 6-036631

Policy Number WC2-161-036631-183 32/4

Sales Office Code 669 Sales Office Name PLEASANTON, CA

Sales Rep Code 6893 Sales Representative CASWELL

Issuing Office
PACIFIC DIVISION
SUITE 400
6130 STONERIDGE MALL ROAD
PLEASANTON, CA 94588

DIV 1000
Ed. 11/01/2001

DESIGNATED WORKPLACES EXCLUSION ENDORSEMENT

This policy does not cover work conducted at or from

Job Description: L488 Fullerton Library

Effective Date of Policy: 11/01/2003 to 02/01/2004

Policy Number: WC3796910

Name of Carrier: Zurich American Ins Group

PO Box 92566

Los Angeles CA 90009-2566

This endorsement is executed by the Liberty Mutual Fire Insurance Company

16586

Premium \$

Effective Date 11/15/2003 Expiration Date 10/01/2004

Policy Eff. Date -10/01/2003

For attachment to Policy No. WC2-161-036631-183

Countersigned by _____

Authorized Representative

End. Serial No. 22

WC 00 03 02

Page 1 of 1

Ed. 04/1984

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N M N CONSTRUCTION INC

891 W HAMILTON AVE
CAMPBELL CA 95008

Revised Total Estimated Premium	Revised Assessments and Surcharges
\$332,949	\$7,375

Net Premium Change	Net Change for Assessments and Surcharges
\$0	\$0

Account Number 6-036631

Policy Number WC2-161-036631-183 32/4

Sales Office Code 669 Sales Office Name PLEASANTON, CA

Sales Rep Code 6893 Sales Representative CASWELL

Issuing Office
PACIFIC DIVISION
SUITE 400
6130 STONERIDGE MALL ROAD
PLEASANTON, CA 94588

DIV 1000
Ed. 11/01/2001

DESIGNATED WORKPLACES EXCLUSION ENDORSEMENT

This policy does not cover work conducted at or from

Job Description: L491 OCPAC

Effective Date of Policy: 09/11/2003 - 08/07/2004

Policy Number: WVV6847006

Name of Carrier: St Paul Fire and Marine

This endorsement is executed by the Liberty Mutual Fire Insurance Company

16586

Premium \$

Effective Date 10/01/2003 Expiration Date 10/01/2004

Policy Eff. Date -10/01/2003

For attachment to Policy No. WC2-161-036631-183

Countersigned by _____

Authorized Representative

End. Serial No. 21

WC 00 03 02

Page 1 of 1

Ed. 04/1984

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DESIGNATED WORKPLACES EXCLUSION ENDORSEMENT

This policy does not cover work conducted at or from

Job Description: L483 UCSF Mission Bay QB3

Effective Date of Policy: 07/21/2003 - 03/01/2004

Policy Number: 80627594

Name of Carrier: Cambridge Integrated Services Group Inc
5250 N Palm Ave Ste 421
Fresno CA 93704

This endorsement is executed by the Liberty Mutual Fire Insurance Company

16586

Premium \$

Effective Date 10/01/2003 Expiration Date 10/01/2004

Policy Eff. Date -10/01/2003

For attachment to Policy No. WC2-161-036631-183

Countersigned by _____

Authorized Representative

End. Serial No. 20

WC 00 03 02

Page 1 of 1

Ed. 04/1984

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DESIGNATED WORKPLACES EXCLUSION ENDORSEMENT

This policy does not cover work conducted at or from

Job Description: L466 Los Padriños Juvenile Hall

Effective Date of Policy: 02/01/2003 - 04/01/2004

Policy Number: WC5-625-004750-203

Name of Carrier: Liberty Mutual

PO Box 11025

Orange CA 92856

This endorsement is executed by the Liberty Mutual Fire Insurance Company

16586

Premium \$.

Effective Date 10/01/2003 Expiration Date 10/01/2004

Policy Eff. Date -10/01/2003

For attachment to Policy No. WC2-161-036631-183

Countersigned by _____

Authorized Representative

End. Serial No. 19

WC 00 03 02

Page 1 of 1

Ed. 04/1984

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DESIGNATED WORKPLACES EXCLUSION ENDORSEMENT

This policy does not cover work conducted at or from

Job Description: L490 Victoria Gardens

Effective Date of Policy: 08/25/2003 - 07/02/2004

Policy Number: WVV6379008 - RCP

Name of Carrier: St Paul Mercury Ins Co

Construction Insurance Partners

308 N 21st St

St Louis MO 63103

This endorsement is executed by the Liberty Mutual Fire Insurance Company

16586

Premium \$

Effective Date 10/01/2003 Expiration Date 10/01/2004

Policy Eff. Date -10/01/2003

For attachment to Policy No. WC2-161-036631-183

Countersigned by _____

Authorized Representative

End, Serial No. 18

WC 00 03 02

Page 1 of 1

Ed. 04/1984

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DESIGNATED WORKPLACES EXCLUSION ENDORSEMENT

This policy does not cover work conducted at or from

Job Description: L485 Metropolitan Loft Apartments

Effective Date of Policy: 07/21/2003 - 06/04/2004

Policy Number: WVV6379008 - MLA

Name of Carrier: St Paul Mercury Ins Co Construction Insurance Partners
308 N 21st St
St Louis MO 63103

This endorsement is executed by the Liberty Mutual Fire Insurance Company

16586

Premium \$

Effective Date 10/01/2003 Expiration Date 10/01/2004

Policy Eff. Date 10/01/2003

For attachment to Policy No. WC2-161-036631-183

Countersigned by _____

Authorized Representative

End. Serial No. 17

WC 00 03 02

Page 1 of 1

Ed. 04/1984

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DESIGNATED WORKPLACES EXCLUSION ENDORSEMENT

This policy does not cover work conducted at or from

Job Description: L475 UCLA SW Housing 3 & 4

Effective Date of Policy: 05/01/2003 - 12/01/2003

Policy Number: 80650287

Name of Carrier: Cambridge Integrated Services Group Inc
5250 N Palm Ave Ste 421
Fresno CA 93704

This endorsement is executed by the Liberty Mutual Fire Insurance Company

16586

Premium \$

Effective Date 10/01/2003 Expiration Date 10/01/2004

Policy Eff. Date -10/01/2003

For attachment to Policy No. WC2-161-036631-183

Countersigned by _____

Authorized Representative

End. Serial No. 16

WC 00 03 02

Page 1 of 1

Ed. 04/1984

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DESIGNATED WORKPLACES EXCLUSION ENDORSEMENT

This policy does not cover work conducted at or from

Job Description: L463 & L489 San Jose Civic Center

Effective Date of Policy: 02/01/03 - 04/01/2004

Policy Number: WC 66-59-46

Name of Carrier: AIG

2633 Camino Ramon Ste 200

San Ramon CA 94583

This endorsement is executed by the Liberty Mutual Fire Insurance Company

16586

Premium \$

Effective Date 10/01/2003 Expiration Date 10/01/2004

Policy Eff. Date -10/01/2003

For attachment to Policy No. WC2-161-036631-183

Countersigned by _____

Authorized Representative

End. Serial No. 15

WC 00 03 02

Page 1 of 1

Ed. 04/1984

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ANNIVERSARY RATING DATE ENDORSEMENT

The premium and rates for this policy, and the experience rating modification factor, if any, may change on your anniversary rating date shown in the Schedule.

Schedule

Anniversary Rating Date

01/31 CA

This endorsement is executed by the Liberty Mutual Fire Insurance Company.

16586

Premium \$

Effective Date

Expiration Date 10/01/2004

For attachment to Policy No. WC2-161-036631-183

Countersigned by

Authorized Representative

End, Serial No. 1

WC 00 04 02

Page 1 of 1

Ed. 4/1984

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WORKERS COMPENSATION AND EMPLOYERS LIABILITY POLICY

EXPERIENCE RATING MODIFICATION FACTOR ENDORSEMENT

The premium for the policy will be adjusted by an experience rating modification factor. The factor was not available when the policy was issued. The factor, if any, shown on the Information Page is an estimate. We will issue an endorsement to show the proper factor, if different from the factor shown, when it is calculated.

This endorsement is executed by the **Liberty Mutual Fire Insurance Company**

Premium \$

Effective Date _____ **Expiration Date** _____

For attachment to Policy No. WC2-161-036631-183

Audit Basis

Issued To

Countersigned by

Authorized Representative

Issued

Sales Office and No.

End. Serial No. 2

WC 00 04 03
(Ed. 4-84)

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PREMIUM DUE DATE ENDORSEMENT

Section D of Part Five of the policy is replaced by this provision:

PART FIVE PREMIUM

D. Premium is amended to read:

You will pay all premium when due. You will pay the premium even if part or all of a workers compensation law is not valid. **The due date for audit and retrospective premiums is the date of the billing.**

This endorsement is executed by the Liberty Mutual Fire Insurance Company

16586

Premium \$

Effective Date

Expiration Date 10/01/2004

For attachment to Policy No. wc2-161-036631-183

Countersigned by _____

Authorized Representative

End. Serial No. 3

WC 00 04 19

Page 1

Ed. 1/2001

73

TERRORISM RISK INSURANCE ACT ENDORSEMENT

This endorsement addresses requirements of the Terrorism Risk Insurance Act of 2002.

Definitions

The definitions provided in this endorsement are based on the definitions in the Act and are intended to have the same meaning. If words or phrases not defined in this endorsement are defined in the Act, the definitions in the Act will apply.

"Act" means the Terrorism Risk Insurance Act of 2002, which took effect on November 26, 2002, and any amendments.

"Act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States as meeting all of the following requirements:

- a. The act is an act of terrorism.
- b. The act is violent or dangerous to human life, property or infrastructure.
- c. The act resulted in damage within the United States, or outside of the United States in the case of United States missions or certain air carriers or vessels.
- d. The act has been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

"Insured terrorism or war loss" means any loss resulting from an act of terrorism (including an act of war, in the case of workers compensation) that is covered by primary or excess property and casualty insurance issued by an insurer if the loss occurs in the United States or at United States missions or to certain air carriers or vessels.

"Insurer deductible" means:

- a. For the period beginning on November 26, 2002 and ending on December 31, 2002, an amount equal to 1% of our direct earned premiums, as provided in the Act, over the calendar year immediately preceding November 26, 2002.
- b. For the period beginning on January 1, 2003 and ending on December 31, 2003, an amount equal to 7% of our direct earned premiums, as provided in the Act, over the calendar year immediately preceding January 1, 2003.
- c. For the period beginning on January 1, 2004 and ending on December 31, 2004, an amount equal to 10% of our direct earned premiums, as provided in the Act, over the calendar year immediately preceding January 1, 2004.
- d. For the period beginning on January 1, 2005 and ending on December 31, 2005, an amount equal to 15% of our direct earned premiums, as provided in the Act, over the calendar year immediately preceding January 1, 2005.

TERRORISM RISK INSURANCE ACT ENDORSEMENT

Limitation of Liability

The Act may limit our liability to you under this policy. If annual aggregate insured terrorism or war losses of all insurers exceed \$100,000,000,000 during the applicable period provided in the Act, and if we have met our insurer deductible, the amount we will pay for insured terrorism or war losses under this policy will be limited by the Act, as determined by the Secretary of the Treasury.

Policyholder Disclosure Notice

1. Insured terrorism or war losses would be partially reimbursed by the United States Government under a formula established by the Act. Under this formula, the United States Government would pay 90% of our insured terrorism or war losses exceeding our insurer deductible.
2. The additional premium charged for the coverage this policy provides for insured terrorism or war losses is shown in Item 4 of the Information Page or the Schedule below.

Schedule

State	Rate per \$100 of Remuneration
CA Effective 01/31/2004	

This endorsement is executed by the Liberty Mutual Fire Insurance Company

16586

Premium \$

Effective Date

Expiration Date

For attachment to Policy No. WC2-161-036631-183

Countersigned by _____

Authorized Representative

End. Serial No. 4

**LONGSHORE AND HARBOR WORKERS' COMPENSATION ACT
COVERAGE ENDORSEMENT - CALIFORNIA**

This endorsement applies only to work subject to the Longshore and Harbor Workers' Compensation Act in California. The policy applies to that work as though California were listed in Item 3.A of the Information Page.

General Section C. Workers' Compensation Law is replaced by the following:

C. Workers' Compensation Law

Workers' Compensation Law means the Workers' or Workmen's Compensation Law and occupational disease law of each state or territory named in Item 3.A of the Information Page and the Longshore and Harbor Workers' Compensation Act (33 USC Section 901-950). It includes any amendments to those laws that are in effect during the policy period. It does not include any other federal Workers' or Workmen's Compensation Law, other federal occupational disease law or the provisions of any law that provide nonoccupational disability benefits.

Part Two (Employers Liability Insurance), C. Exclusions., exclusion 8, does not apply to work subject to the Longshore and Harbor Workers' Compensation Act.

This endorsement does not apply to work subject to the Defense Base Act, the Outer Continental Shelf Lands Act, or the Nonappropriated Fund Instrumentalities Act.

The estimated premium for the Longshore and Harbor Workers' Compensation Act coverage provided by this endorsement is as shown in the Schedule below or Item 4 of the Information Page.

Schedule

Code No.	Classification	Estimated Annual Remuneration	Rate Per \$100 of Remuneration	Estimated Annual Premium
----------	----------------	-------------------------------	--------------------------------	--------------------------

Total Estimated Annual Premium \$ _____

This endorsement is executed by the Liberty Mutual Fire Insurance Company 16586

Premium \$

Effective Date _____ Expiration Date _____

For attachment to Policy No. WC2-161-036631-183

Countersigned by _____
Authorized Representative _____

End. Serial No. 5

WC 04 01 01 A

Page 1 of 1
Ed. 4/1992

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY**POLICY AMENDATORY ENDORSEMENT — CALIFORNIA**

It is agreed that, anything in the policy to the contrary notwithstanding, such insurance as is afforded by this policy by reason of the designation of California in Item 3 of the information page is subject to the following provisions:

1. **Minors Illegally Employed — Not Insured.** This policy does not cover liability for additional compensation imposed on you under Section 4557, Division IV, Labor Code of the State of California, by reason of injury to an employee under sixteen years of age and illegally employed at the time of injury.
2. **Punitive or Exemplary Damages — Uninsurable.** This policy does not cover punitive or exemplary damages where insurance or liability therefor is prohibited by law or contrary to public policy.
3. **Increase in Indemnity Payment — Reimbursement** You are obligated to reimburse us for the amount of increase in indemnity payments made pursuant to subdivision (d) of Section 4650 of the California Labor Code, if the late indemnity payment which gives rise to the increase in the amount of payment is due less than seven(7) days after we receive the completed claim form from you. You are obligated to reimburse us for any increase in indemnity payments not covered under this policy and will reimburse us for any increase in indemnity payment not covered under the policy when the aggregate total amount of the reimbursement payments paid in a policy year exceeds one hundred dollars(\$100).

If we notify you in writing, within 30 days of the payment, that you are obligated to reimburse us, we will bill you for the amount of increase in indemnity payment and collect it no later than the final audit. You will have 60 days, following notice of the obligation to reimburse, to appeal the decision of the insurer to the Department of Insurance.

4. **Application of Policy.** Part One, "Workers' Compensation Insurance", A, "How This Insurance Applies", is amended to read as follows:

This worker's compensation insurance applies to bodily injury by accident or disease, including death resulting therefrom. Bodily injury by accident must occur during the policy period. Bodily injury by disease must be caused or aggravated by the conditions of your employment. Your employee's exposure to those conditions causing or aggravating such bodily injury by disease must occur during the policy period.

5. **Rate Changes.** The premium and rates with respect to the insurance provided by this policy by reason of the designation of California in Item 3 of the Information Page are subject to change if ordered by the Insurance Commissioner of the State of California pursuant to Section 11737 of the California Insurance Code.
6. **Long Term Policy.** If this policy is written for a period longer than one year, all the provisions of this policy shall apply separately to each consecutive twelve month period or, if the first or last consecutive period is less than twelve months, to such period of less than twelve months, in the same manner as if a separate policy had been written for each consecutive period.
7. **Statutory Provision.** Your employee has a first lien upon any amount which becomes owing to you by us on account of this policy, and in the case of your legal incapacity or inability to receive the money and pay it to the claimant, we will pay it directly to the claimant.

It is further agreed that this policy, including all endorsements forming a part thereof, constitutes the entire contract of insurance. No condition, provision, agreement, or understanding not set forth in this policy or such endorsements shall affect such contract or any rights, duties, or privileges arising therefrom.

This endorsement is executed by the **Liberty Mutual Fire Insurance Company**

Premium \$

Effective Date

Expiration Date

For attachment to Policy No. **WC2-161-036631-183**

Audit Basis

Issued To

Countersigned by
Authorized Representative

Issued

Sales Office and No.

End. Serial No. **6**

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

**VOLUNTARY COMPENSATION AND EMPLOYERS LIABILITY COVERAGE
ENDORSEMENT - CALIFORNIA**

If the employer named in item 1 of the Information Page has in his employment persons not entitled to compensation under Division 4 of the Labor Code of the State of California, this policy shall operate as an election on the part of the employer to come under the compensation provisions of Division 4 with respect to those persons described in the Schedule below.

This policy applies to those persons described in the Schedule below as employees.

Schedule

All Employees except those specifically excluded by endorsement.

This endorsement is executed by the **Liberty Mutual Fire Insurance Company**

Premium \$

Effective Date

Expiration Date

For attachment to Policy No. **WC2-161-036631-183**

Audit Basis

Issued To

Countersigned by
Authorized Representative

Issued

Sales Office and No.

End. Serial No. **7**

WC 04 03 05
(Ed. 1-85)

WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT - CALIFORNIA

We have the right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against the person or organization named in the Schedule. (This agreement applies only to the extent that you perform work under a written contract that requires you to obtain this agreement from us.)

You must maintain payroll records accurately segregating the remuneration of your employees while engaged in the work described in the Schedule.

The additional premium for this endorsement shall be % of the California workers' compensation premium otherwise due on such remuneration.

Schedule

<u>Person or Organization</u>	<u>Job Description</u>
Blanket Waiver As Per Certificates on file with Insurance Company	

This endorsement is executed by the Liberty Mutual Fire Insurance Company 16586

Premium \$

Effective Date Expiration Date

For attachment to Policy No. WC2-161-036631-183

Countersigned by _____
Authorized Representative

End. Serial No. 8

ENDORSEMENT AGREEMENT LIMITING AND RESTRICTING THIS INSURANCE

The insurance under this policy is limited as follows:

It is AGREED that, anything in this policy to the contrary notwithstanding, this policy DOES NOT INSURE:

**LIABILITY
NOT INSURED**

Any liability which the employer named in Item 1 of the Information Page may have arising out of operations conducted jointly by the employer with any other person, firm or corporation, except as specifically set forth in Item 1 of the Information Page or by endorsement attached to this policy.

This endorsement is executed by the Liberty Mutual Fire Insurance Company

16586

Premium \$

Effective Date

Expiration Date

For attachment to Policy No. WC2-161-036631-183

Countersigned by _____

Authorized Representative

End. Serial No. 9

WC 04 03 36

Page 1 of 1

81

FAILURE TO SECURE THE PAYMENT OF FULL COMPENSATION BENEFITS FOR ALL EMPLOYEES AS REQUIRED BY LABOR CODE SECTION 3700 IS A VIOLATION OF LAW AND MAY SUBJECT THE EMPLOYER TO THE IMPOSITION OF A WORK STOP ORDER, LARGE FINES AND OTHER SUBSTANTIAL PENALTIES (Labor Code Section 3710.1, et seq.).

**EMPLOYERS' LIABILITY COVERAGE AMENDATORY
ENDORSEMENT - CALIFORNIA**

The insurance afforded by Part Two (Employers' Liability Insurance) by reason of designation of California in Item 3 of the information page is subject to the following provisions:

A. "How This Insurance Applies," is amended to read as follows:

A. How This Insurance Applies

This employers' liability insurance applies to bodily injury by accident or bodily injury by disease. Bodily injury means a physical injury, including resulting death.

1. The bodily injury must arise out of and in the course of the injured employee's employment by you.
2. The employment must be necessary or incidental to your work in California.
3. Bodily injury by accident must occur during the policy period.
4. Bodily injury by disease must be caused or aggravated by the conditions of your employment. The employee's last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the policy period.
5. If you are sued, the original suit and any related legal actions for damages for bodily injury by accident or by disease must be brought in the United States of America, its territories or possessions, or Canada.

C. The "Exclusions" section is modified as follows (all other exclusions in the "Exclusions" section remain as is):

1. Exclusion 1 is amended to read as follows:
 1. liability assumed under a contract.
2. Exclusion 2 is deleted.
3. Exclusion 7 is amended to read as follows:
 7. damages arising out of coercion, criticism, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination against or termination of any employee, termination of employment, or any personnel practices, policies, acts or omissions.

WC 04 03 60 A

Page 1 of 2

Ed. 11/1999

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**EMPLOYERS' LIABILITY COVERAGE AMENDATORY
ENDORSEMENT - CALIFORNIA**

4. The following exclusions are added:

1. bodily injury to any member of the flying crew of any aircraft.
2. bodily injury to an employee when you are deprived of statutory or common law defenses or are subject to penalty because of your failure to secure your obligations under the Workers' Compensation law(s) applicable to you or otherwise fail to comply with that law.

This endorsement is executed by the **Liberty Mutual Fire Insurance Company**

16586

Premium \$

Effective Date

Expiration Date

For attachment to Policy No. **WC2-161-036631-183**

Countersigned by _____

Authorized Representative

End. Serial No. 10

WC 04 03 60 A

Page 2 of 2

Ed. 11/1999

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MANDATORY RATE CHANGE ENDORSEMENT - CALIFORNIA

The premium and rates with respect to the insurance provided by this policy by reason of the designation of California in Item 3 of the Information Page are subject to change if ordered by the Insurance Commissioner of the State of California pursuant to Section 11737 of the California Insurance Code.

This endorsement is executed by the **Liberty Mutual Fire Insurance Company**

Premium \$

Effective Date

Expiration Date

For attachment to Policy No., WC2-161-036631-183

Audit Basis

Issued To

Countersigned by

Authorized Representative

Issued

Sales Office and No.

End. Serial No. 11

WC 04 04 02
(Ed. 1-95)

PREMIUM ADJUSTMENT ENDORSEMENT - CALIFORNIA

We have the right to adjust the policy premium after issuance of the policy if the cost of providing the benefits required under the workers' compensation laws of California is affected by legislative or regulatory changes adopted after issuance of the policy. The amount of the adjustment will not exceed the change in the cost of providing the benefits as reflected in the pure premium rates approved by the Insurance Commissioner.

This endorsement is executed by the Liberty Mutual Fire Insurance Company 16586

Premium \$

Effective Date Expiration Date

Policy Eff. Date 10/01/2003

For attachment to Policy No. WC2-161-036631-183

Countersigned by _____
Authorized Representative

End. Serial No. 12

WC 04 04 07
Page 1 of 1
Ed. 10/29/2001

CALIFORNIA CANCELLATION ENDORSEMENT

This endorsement applies only to the insurance provided by the policy because California is shown in Item 3.A. of the Information Page.

The cancellation condition in Part Six (Conditions) of the policy is replaced by these conditions:

Cancellation

1. You may cancel this policy. You must mail or deliver advance written notice to us stating when the cancellation is to take effect.
2. We may cancel this policy for one or more of the following reasons:
 - a. Non-payment of premium;
 - b. Failure to report payroll;
 - c. Failure to permit us to audit payroll as required by the terms of this policy or of a previous policy issued by us;
 - d. Failure to pay any additional premium resulting from an audit of payroll required by the terms of this policy or any previous policy issued by us;
 - e. Material misrepresentation made by you or your agent;
 - f. Failure to cooperate with us in the investigation of a claim;
 - g. Failure to comply with Federal or State safety orders;
 - h. Failure to comply with written recommendations of our designated loss control representatives;
 - i. The occurrence of a material change in the ownership of your business;
 - j. The occurrence of any change in your business or operations that materially increases the hazard for frequency or severity of loss;
 - k. The occurrence of any change in your business or operation that requires additional or different classification for premium calculation;
 - l. The occurrence of any change in your business or operation which contemplates an activity excluded by our reinsurance treaties.

CALIFORNIA CANCELLATION ENDORSEMENT

3. If we cancel your policy for any of the reasons listed in (a) through (f), we will give you 10 days advance written notice, stating when the cancellation is to take effect. Mailing that notice to you at your mailing address shown in Item 1 of the Information Page will be sufficient to prove notice. If we cancel your policy for any of the reasons listed in Items (g) through (l), we will give you 30 days advance written notice; however, we agree that in the event of cancellation and reissuance of a policy effective upon a material change in ownership or operations, notice will not be provided.
4. The policy period will end on the day and hour stated in the cancellation notice.

This endorsement is executed by the Liberty Mutual Fire Insurance Company.

16586

Premium \$

Effective Date

Expiration Date

For attachment to Policy No. WC2-161-036631-183

Countersigned by _____
Authorized Representative

End. Serial No. 13

WC 04 06 01 A
Page 2 of 2
Ed. 12/01/1993

LARGE RISK ALTERNATIVE RATING OPTION

It is hereby agreed that the insured and the insurer have mutually agreed to a Large Risk Alternative Rating Option Retrospective Rating Plan.

For attachment to Policy No. WC2-161-036631-183

Countersigned by _____
Authorized Representative

End. Serial No. 14

WC 99 05 02
Page 1 of 1
Ed. 4/1993

PROOF OF SERVICE

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

I am employed in the County of Los Angeles; I am over the age of eighteen years and not a party to the within entitled action; my business address is 333 South Hope Street, 48th Floor, Los Angeles, California 90071-1448.

On October 3, 2007, I served the following document(s) described as
**DEFENDANT LIBERTY MUTUAL FIRE INSURANCE COMPANY'S
COUNTERCLAIM AGAINST N.M.N. CONSTRUCTION, INC. FOR BREACH OF
CONTRACT** on the interested party(ies) in this action by placing true copies thereof
enclosed in sealed envelopes and/or packages addressed as follows:

Nicholas P. Roxborough, Esq.
Michael L. Phillips, Esq.
Roxborough, Pomerance & Nye LLP
5820 Canoga Ave., Suite 250
Woodland Hills, CA 91367

BY MAIL: I am "readily familiar" with the firm's practice of collection and processing correspondence for mailing. Under that practice it would be deposited with the U.S. postal service on that same day with postage thereon fully prepaid at Los Angeles, California in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing in affidavit.

BY OVERNIGHT DELIVERY: I served such envelope or package to be delivered on the same day to an authorized courier or driver authorized by the overnight service carrier to receive documents, in an envelope or package designated by the overnight service carrier.

BY FACSIMILE: I served said document(s) to be transmitted by facsimile pursuant to Rule 2.306 of the California Rules of Court. The telephone number of the sending facsimile machine was 213-620-1398. The name(s) and facsimile machine telephone number(s) of the person(s) served are set forth in the service list. The sending facsimile machine (or the machine used to forward the facsimile) issued a transmission report confirming that the transmission was complete and without error. Pursuant to Rule 2.306(g)(4), a copy of that report is attached to this declaration.

FEDERAL: I declare that I am employed in the office of a member of the bar of this Court at whose direction the service was made. I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on **October 3, 2007**, at Los Angeles, California.

ANDREA J HERNANDEZ